

P A P E R S

RELATING TO

EAST INDIA AFFAIRS.

Growth of Hemp, and Cotton.—General Revenues of India; and Mr. *Rickards's* Finance System in part of Salsette.—Permanent Settlement in the Ceded and Conquered Provinces.—Mr. *Rickards's* proposition for establishing a General Bank.—Revenue of Broach and Surat.—Jumma or Rental in Guzerat.—Political State of the Travancore Territory; and Treaty with the Rajah of Travancore.—Revenue of Malabar.—Occurrences at Quilon in Travancore.

Ordered, by The House of Commons, to be printed,

22 June 1813.

2 LIST OF PAPERS

Presented to The Honourable House of Commons, pursuant to Orders,
dated 1st—3rd—16th—18th—and 21st June—1813.

— No. 1. —

Copy of a MEMORIAL presented to the Court of Directors of the East India Company, by *Robert Rickards*, Esq. dated September 9th 1812, together with Copy of the Answer thereto, from the said Directors, signed by, Mr. Assistant Secretary *Cobb*, dated February 26th 1813.

— No. 2. —

Copy of PARAGRAPHS N^o 2. to N^o 27, both inclusive, of a Letter from the Court of Directors of the East India Company, to the Government of *Bombay*, dated February 22^d 1811, relative to the Cotton Trade.

— No. 3. —

Copy of PARAGRAPHS 2 to 8 of a Letter in the Revenue Department, from the Governor in Council of *Bombay*, to the Court of Directors, dated the 14th October 1808, with Copies of the Papers referred to therein; and Copy of the Reply of the Court of Directors, under date the 10th of January 1810, to the said Communication.

— No. 4. —

Copy of a MINUTE recorded by Mr. *Colebrooke*, on the Revenue Consultations of *Bengal* the 20th June 1808, respecting the extension of the Permanent Settlement, to the Ceded and Conquered Provinces.

— No. 5. —

Extract of a LETTER from the Governor General in Council of *Bengal* in the Public Department, dated the 30th June 1809, Paragraphs 109 to 117, both inclusive, together with the Papers referred to therein.

— No. 6. —

Copy of PARAGRAPHS 31 to 38 inclusive, of a Revenue Letter from the Governor in Council at *Bombay*, to the Court of Directors of the East India Company; dated 20th February 1808.

— No. 7. —

Copy of PARAGRAPHS 49 to 54 inclusive, of a Revenue Letter from the Governor in Council at *Bombay*, to the Court of Directors; dated 14th April 1810.

— No. 8. —

Copy of PARAGRAPHS 113 to 142 inclusive, of a Revenue Letter from the Court of Directors, to the Governor in Council at *Bombay*; dated 10th January 1810.

— No. 9. —

Copy of a LETTER from the Court of Directors in the Political Department, to the Governor in Council at *Fort St. George*; dated the 29th September 1809.

— No. 10. —

Copy of the TREATY with the Rajah of *Travancore*; dated the 28th January 1793.

— No. 11. —

Copy of a PARAGRAPH 226, of a Revenue Letter from the Governor in Council at *Fort St. George*, to the Court of Directors of the East India Company; dated the 21st October 1807.

(No. 12.)—Copy of a LETTER from *John Bebb*, Esq. (a Director of the East India Company) to the Court of Directors, dated the 31st May 1813; respecting the 13th Proposition, submitted to the House of Commons on the renewal of the Company's Charter.—[*This Paper being on a subject different from the matters in this Collection, has been printed, and delivered separate; and is not therefore here inserted.*]

— No. 13. —

Copy of the 2^d and 3^d Paragraphs of the MILITARY LETTER from the Governor in Council at *Fort St. George*, to the Court of Directors of the East India Company; dated the 1st July 1812, relative to the late occurrences at *Quilon in Travancore*.

East India House,
22^d June 1813.

No. 7

Copy of PARAGRAPH 49 to 54 inclusive of a Revenue Letter from the Governor in Council at Bombay to the Court of Directors; dated 14th April 1810.

No. 8

Copy of PARAGRAPH 117 to 122 inclusive of a Revenue Letter from the Court of Directors to the Governor in Council at Bombay; dated 10th January 1810.

No. 9

Copy of a Letter from the Court of Directors to the Political Department at Bombay dated 20th September 1809.

No. 10

Copy of the Treaty with the Rajah of Mysore; dated 28th January 1793.

No. 11

Copy of a PARAGRAPH 236 of a Revenue Letter from the Governor in Council at Fort St. George to the Court of Directors of the East India Company; dated the 21st October 1807.

No. 12

Copy of the 2^d and 3^d Paragraphs of the Military Letter from the Governor in Council at Fort St. George to the Court of Directors of the East India Company, dated the 1st July 1812, relative to the late occurrences at Gwalior in Hindostan.

No. 13

Copy of a Letter from the Court of Directors to the Political Department at Bombay dated 20th September 1809.

No. 1.

Copy of a MEMORIAL presented to the Court of Directors of The East India Company, by ROBERT RICKARDS, Esq. dated September 9th, 1812;—together with Copy of the Answer thereto, from the said Directors, signed by Mr. Assistant Secretary Cobb, dated February 26th, 1813.

To the Honourable The COURT of DIRECTORS for the Affairs of The Honourable East India Company, &c. &c. &c.

HONOURABLE SIRS,

I TAKE the earliest opportunity, after my return to this country, to solicit your consideration of a few facts connected with the subject of your orders of the 22d February 1811, which removed me from your Council at Bombay, and declared me unworthy of your future confidence.

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Memorial,
of 9 Sept. 1811.

2. After a residence and service of twenty-six years in India, and with a conscious sense of zealous and uninterrupted efforts to promote your real interests in that quarter, it is no small pain to a feeling mind, to one that disclaims every other motive than honesty of intention, to be thus accused and condemned. Could I plead guilty to the charge, I should not presume to intrude on your further notice: but I address myself to your honourable Court, in the confidence of conscious innocence, and respectfully appeal to that justice and liberality which have so frequently distinguished your public acts, where there was injury to be repaired, or merit, however humble, to be compensated.

3. The orders of the 22d February 1811, being of course well known to your honourable Court, I shall only refer to them generally here, begging to offer such explanations as may probably not have been before your honourable Court at the time these orders passed, and which may be yet necessary to a full understanding of the two questions therein discussed.

4. The first object of censure in the orders above mentioned, was a cargo of hemp consigned to England on the country ship Cambrian.

5. In April 1807, the Bombay Government were instructed that the honourable Court considered it an object of national importance to be able to supply India hemp for the use of the royal navy, and general consumption in England. Our particular attention to this object was enjoined at this time; immediate importations were not wanted; improvement of quality, more than quantity, was to be considered; and extension of culture, with improved methods of cleaning and dressing it, seemed to be the chief objects the honourable Court had then in view.

6. In December 1807, circumstances are represented to have materially changed; and that in consequence of a pressing demand for hemp, the honourable Court had agreed to supply his Majesty's Government for three successive years, viz. 1809—10—11, with the produce of India, at the rates at which this supply should bona fide cost the Company in its provision; purchases were now enjoined, with advances to cultivators in the Company's districts; immediate supplies were required; and we were directed to extend the quantity of Salsette, or Rajepore hemp, in particular, which we might be enabled to procure "to its utmost practicable limits," consistently with due attention to the quality, and to the price not being materially enhanced.

7. These anxious orders were repeated to Bengal in 1808, with intimations that not only the produce of the Company's commercial factories, but whatever could be purchased in the Bazars, of proper quality, was to be sent without any unnecessary delay. The engagement with his Majesty's Government was stated to extend to a supply of 20,000 tons in three years. The Bengal Government sent a copy of these orders to Bombay, expressing their inability to furnish any thing near the quantity required from that side of India; adding, that they "considered the spirit of these orders equally applicable to the other presidencies," and directed us immediately to adopt such measures as should appear to us best calculated "to promote the wishes of the honourable Court, and of his Majesty's ministers."

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8. These orders were expressly stated to have been founded on the then existing circumstances of the political state of Europe, which from every account, public and private, was that of a decidedly hostile disposition on the part of Russia, an entire stop to all commercial intercourse between that Power and England, and distress to the navy from want of the usual supplies of hemp, which if continued (and it then seemed probable) was expected to be attended with serious national inconvenience. Private letters in 1808 and 1809, received in India, stated the price of Russia hemp at from £.80. to £.110. £.115. and £.120. per ton, in the London market. A clear and able pamphlet, entitled, "Observations on the Sunn Hemp of Bengal," written under the sanction of the honourable Court, and found by me in the records of the Secretary's Office at Bombay, stated the price of Bengal Sunn at £.66. in 1808.

9. This pamphlet urges with great force of argument the policy of relieving ourselves by every possible resource from a dependance on Russia for hemp, "upon a due supply of which depends the equipment of the British navy in as eminent a degree as on a due supply of timber for the construction of the ships. Bengal, Bombay, and its dependencies, are looked to for the means of enabling us to defy the enmity of Russia with that of her confederates during war, and to make her on the return of peace sensible of her mistaken policy, by inducing us to open other channels for those articles of commerce she has hitherto furnished."

10. The same pamphlet, stating that the Company in their public spirited efforts to supply the country with Sunn hemp in 1796-7-8 had sacrificed upwards of £.45,000, it seemed highly desirable they should know, by experience of facts, whether the object they contemplated could possibly be accomplished without subjecting them to a repetition of such enormous loss.

11. Under these circumstances, every effort was made by the Bombay Government, and chiefly by the Governor himself, the proper organ of Government, to meet the expressed wishes and orders of the Court of Directors in respect to supplies of hemp. Guzerat was ascertained to afford but little of any kind, and none of a quality fit for consignment to Europe. In Malabar the cultivation of hemp afforded for a moment a hope of supply, but disappointed at length our expectations. Orders were transmitted to every known quarter for hemp; an attempt to grow it on the Company's account on Salsette was made, and wholly failed; advances were made to cultivators on Salsette, who only returned *one-third of a ton*, and that at the average prime cost of £.51. 15s. to £.57. 10s. per ton. In short, every exertion that the most anxious, yet often misguided zeal, could suggest to supply the honourable Court's indent proved abortive.

12. It will be seen in the accompaniment, No. 1, that all that the authority, influence and zeal of the Bombay Government could collect together in three years, did not amount to 200 tons, to meet a demand for 20,000; and this costing the honourable Court in England not less on a moderate computation than £.86. to £.88. per ton.

13. When the tender therefore of Bruce, Fawcett and Co. to send home 700 tons of Rajepore hemp came before the Board in July 1809, the impression, I believe, of every one of us was, that our past efforts had been little better than complete failure, and that our future ones were likely to be attended with as little success. The tender was accordingly hailed as opportune, and cordially acceded to by all, under the belief that it would prove what our orders prescribed, equally calculated to promote the wishes of the honourable Court, and of his Majesty's ministers.

14. The Court's orders, however, express a great degree of irritation at the whole transaction, and are principally levelled at me, exculpating the Governor, who was its prime supporter altogether. The accompanying letter, No. 2, sufficiently testifies this fact. In the public proceedings on this subject, the Governor, it will be observed, dissents to no part, except a slight intimation after the majority had given their votes, that "he apprehended Government is not authorized to guarantee any price to Bruce, Fawcett and Co." This is to be explained by a practice, common to the Governor in matters involving any responsibility. As President of the Council he gave his vote last; and wherever he had secret, yet partial scruples, after the majority had decided a measure generally according to his wishes, he would endeavour to shelter himself against possible censure, in respect to particular parts, by a half record of his doubts, without openly expressing them in the first instance, for the equal and candid consideration of the other members. The late Commander in Chief of Bombay can give a few notable instances of this practice by our late Governor. Were I to detail them, it might be ascribed to motives which I certainly feel not towards the deceased. The honourable Court, however, having I apprehend, never fully understood the real terms of this agreement, their anger towards me alone continued. They re-appointed Mr. Duncan Governor of Bombay, and dismissed me from their Council.

15. The honourable Court are pleased, in the first place, to accuse me of a positive breach of both the letter and spirit of their former orders; which were, they say, to provide hemp from their own territories, by advances for the cultivation of it, through the agency of their own servants; looking less to immediate than to gradual and progressive supplies of hemp; an extensive scheme, it is observed, requiring time and gradual meliorations of culture. In one of the same paragraphs (the 5th,) it is notwithstanding distinctly admitted, that purchases

chases of hemp were also ordered to be made, and that they did not mean to exclude the produce of Concan, which is not their own territory.

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16. I have already stated, and the papers or record prove, that every effort which the zeal and influence of the Bombay Government could suggest to supply the hemp required, both from the Company's territory, and the Concan, had failed. The Bengal Government had informed us that the provinces in that quarter could not furnish any thing near the quantity required, and directed us to adopt such measures as *should appear to us* best calculated to promote the wishes of the honourable Court, and His Majesty's ministers. It was not therefore till after the Company's districts were exhausted, till after every hope of adequate supply from them, or through the agency of the Company's *subordinate* servants, had vanished, that we acceded to the tender of Bruce, Fawcett and Co. for a cargo of Concan hemp; and, as this hemp was known to be of the best quality in all India, far superior to the Bengal Sunn, equal in some specimens of it at least to the produce of Russia, tendered at a rate cheaper than it was possible for us to make the supply through the medium of the Company's shipping; and the produce of the Concan, which the honourable Court admit, was not meant to be excluded; nay, precisely that description of hemp, which the Court's order to us of December 1807, desire may be sent in any procurable quantity, provided the price be not much enhanced. I can confidently add, that so far from any intention to violate either the letter or spirit of their orders, the Bombay Government conceived they were actually fulfilling both.

17. As to the scheme requiring time and gradual meliorations of culture, it is only necessary to repeat, that all the experiments of this kind in Salsette had decidedly failed; whilst, as if anticipating disappointment from this source, our orders still required a supply of Salsette or Concan hemp "to its utmost practicable limits," and peremptorily restricted us to a period of three years to make it, with a fourth year to clear off the remains on hand.

18. It should also be remembered, that the orders of April 1807, relating to gradual supplies, and improved cultivation, expressly refer to "a state of amity between His Majesty and the Powers of the North," whereas in December 1807, when circumstances had changed, and the demand was more urgent, we are as expressly instructed, that "if whilst this business (cultivation, &c.) shall be in progress, you can, from the usual produce of the country, purchase any quantity of Salsette hemp (the same as Concan or Rajepore) on account of Government, we direct you to do so, taking care that the cost be not materially enhanced above the usual rate."—It is also added, "we expect with confidence that nothing will be wanting to ensure the supply of some considerable quantity of Salsette hemp being received by us in the course of the year 1809." The tender of Bruce, Fawcett and Co. was made early in 1809; by accepting it we were enabled to fulfil; by rejecting we should most certainly have disappointed, this confident expectation of the honourable Court.

19. The honourable Court say, they "do not perceive any suggestion to enter on a provision of hemp on account of the Company;" yet in my explanatory minute, 14th May 1810, to which I respectfully beg leave again to refer, the attempts made in this view, and their failure, are distinctly noticed; together with our report thereof to the Bengal Government. These explanations, it would seem, were not then satisfactory to the honourable Court. The failures, however, they refer to, impressed persons on the spot differently; and were deemed indeed so decided and complete, as only to leave the Bombay Government in despair of being able to comply, in any material degree with the honourable Court's indent.

20. The honourable Court next allege the Company's agents could have procured this Rajepore hemp as cheap, and in as large quantities at least, as any private merchant; that all the allegations to the contrary seem to them entirely groundless; and that our adoption of Bruce, Fawcett and Co's. offer went, on the contrary, decidedly to prevent the designs of His Majesty's ministers and the Company.

21. The recital already given, together with the inclosed paper, No. 1, prove in the fullest manner, how little our direct efforts had been able to effect. It may be further added, that previous to the tender of Bruce, Fawcett and Co. the Governor, as before observed, had despaired, in common with his colleagues, of procuring any but petty supplies of hemp, and we reported accordingly to Bengal. The fear, however, of a private effort succeeding, when all his own exertions, backed by the strong hand of power, had so decidedly failed, would seem to have animated him to fresh exertion. The result of this further effort is given in the enclosure, No. 2, on which it is not for me to comment, further than to submit to your honourable Court on which side obstructions to the supply of hemp really lay.

22. The honourable Court seem much displeased that the house of Bruce, Fawcett and Co. should be secured, as they understand, in a profit on this transaction, animadvert on a fixed price being guaranteed to them; and continue to believe, that an unqualified option was left with the owners of the Cambrian to sell this hemp in the market on their own account, so as thereby to disappoint His Majesty's Government altogether, and to disappoint the Company from being the agent and medium of supply.

23. It is not usual, I believe, for private merchants to engage in very distant speculations, without a certainty, or probability nearly tantamount to it, of profit. Even if willing to incur a certain loss, it would be unjust, as well as unwise, in Government to encourage projects

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jects so incompatible with the best principles of mercantile enterprize. Nothing too is more common than, sometimes from policy, and sometimes from necessity, to guarantee reasonable expectations of profit in infant undertakings.

24. In the present case, however, the guarantee price had no reference to profit. £.65. per ton was estimated as barely sufficient to secure the speculators against positive loss, whilst a chief object with them in this undertaking, as avowed in their own letter, was to find employment for their shipping, during a general and very distressing stagnation of the trade in India. I can add now, from knowledge of the facts, that, in consequence of the interference above explained, of the Governor of Bombay, in the purchases of Bruce, Fawcett & Co. in the Concan, the guarantee above mentioned has not, after all, nearly reimbursed the costs and charges of the Cambrian's cargo.

25. Of the act of guaranteeing this price, and of the alledged unqualified option above referred to, I shall briefly state what I conceived the papers and explanations sent home would have been long ago sufficient to illustrate. If they have not done so, the fault is not with me, but with those entrusted with the preparation of the official dispatches, which are always superintended by the Governor himself, but which the Members of Council do not sometimes even see, except to annex their signatures. The tender then of Bruce, Fawcett & Co. was a supply of 700 or 800 tons of hemp, to be sent home on a teak-built ship, in the same way as hemp on the same account had been sent home from Bengal, viz. through the medium and agency of the East India Company, for the use of his Majesty's Government; but with this material difference and advantage, that in respect to this particular cargo, neither the King nor Company had to incur the smallest degree of risk. For this the merchants aforesaid were to receive the market price of the day on its arrival in England; provided nevertheless they were insured £.65. per ton, as otherwise they repeatedly and unequivocally declared they could not even commence the undertaking. There was thus an option reserved to the East India Company, in the first instance, either to retain and deliver to Government, or to reject this hemp at any higher market price than £.65. per ton, and a further option to reject, under any circumstances, every parcel thereof, which should not turn out, on examination in England, to be of the very first quality of Concan, Rajepore, or Salsette hemp, of which the honourable Court were to be the sole judges. The merchant owners had clearly no option in respect to this hemp, until the whole or any part of it, according as the terms of the agreement sanctioned, should be thrown on their hands by the honourable Court. They certainly, therefore, had no power to disappoint his Majesty's Government and the honourable Court altogether.

26. This contract, it is true, was not drawn out in due form of law; but these are the plain terms of it; which the house of Bruce, Fawcett & Co. have always avowed, and to the last of my stay in India, invariably confirmed; and these, and these only, are the terms which I acceded to.

27. In judging of the expediency of the guarantee price, I respectfully request it may be considered, that it was granted to encourage an infant undertaking, of vital importance to the interests of Great Britain, when every other means had failed of procuring, in adequate quantities, this so highly desired and particular species of hemp; that without this guarantee, the undertaking would positively not have been commenced, and that 700 tons of excellent hemp would have been lost to our native country, at a time when the demand for it was considered in India to be most urgent; that Bengal Sunn (an inferior species) was selling at the time at £.66. per ton; that it was probable His Majesty's Government would not have scrupled giving a higher market price, if necessary, to encourage an infant undertaking of so much national importance, or if they did, that they had still, through the medium of the Company, the power of rejecting it; that if the price fell, His Majesty's Government would still be furnished with the best material, (for to none other did the guarantee extend, every thing short of it might be thrown back on the owners,) at a rate far cheaper than it was possible for the Company to furnish it to them in any other way; that in making sure of this inferiority of cost, reference was had to the honourable Court's orders, which so confidently anticipated a supply of Concan hemp to its utmost practicable limits, without any material enhancement of price; whilst the rate of the guarantee had so far further reference to the same orders, being only the *estimated prime cost and charges that were thus secured to the owners*; and finally, that the whole of this transaction in England was, by positive stipulation, to be carried on through the medium and agency of the honourable Court alone.

28. In respect to the market price being left open to the owners of the Cambrian, it should be remembered, we had only the option of acceding to the offer as made, or to lose so much good hemp at a period of the greatest distress, altogether; £.65. per ton was estimated as the lowest price at which hemp could at that time be sent home by the private merchant. Had we bargained for a fixed price, Bruce, Fawcett & Co. would have expected a higher one; but as they were willing in this respect to take the chance of the market, it seemed better for the Company to do so too, for whilst on the one hand the market price was not likely to reach that of the hemp freighted on the Company's ships (£.86. to 88.) they had on the other hand the chance of getting it at or near the price of the guarantee. If, again, the market price fell below the guarantee, as the latter was the lowest rate at which Salsette hemp could at that time be conveyed to England, it was still an advantage, unless it can be proved to be better for the King or Company to pay for it at £.86. than at £.65. at which it was at length procured.

29. The honourable Court are pleased to say, that His Majesty's Government had rejected this hemp, thereby throwing it, with all consequent loss, on the Company's hands. I have since learnt, that the Navy Board afterwards took the whole cargo, with the exception of a small quantity damaged on the voyage, and which of course, by the agreement, reverted to the owners. It is also worthy of remark, that by the arrangement adopted the King got this excellent material at £.65. per ton, when a few months afterwards the price of the same commodity rose to £. per ton in the London market.

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30. In respect to the honourable Court's alledged apprehensions of loss, it is quite obvious, I respectfully submit, that the Company could incur none. By agreement with the Navy Board, the Company were to be reimbursed in the full cost and charges of their importations of Indian hemp. The guarantee had reference to this part of the agreement, as I have already shewn that it was only the estimated cost and charges that were so guaranteed, whilst that cost was considerably lower than if the supply had been made through the medium of the Company's shipping. It was not to be supposed however, private merchants would engage in an expensive speculation, without a prospect of advantage; and when they stipulated for the chance of a higher market price in London, we readily acquiesced, deeming it no unfair compensation for all the risks of loss and damage which they incurred, as well in the provision of the cargo as in its conveyance to England. This, too, was evidently better for the King; for here he incurred no risk; whereas on the hemp conveyed in the Company's shipping, the risk was apparently all his own, the honourable Court's orders of December 1807, requiring all losses incurred in India on parcels of hemp, to be added, as a general average, to the consignments of the season. The agreement for the Cambrian's cargo also stipulated, that neither the King nor Company should be burthened with hemp of inferior quality. I do not observe any such provision in respect to the consignments in the Company's ships from Bengal; a consideration which must be admitted to give the consignment of hemp per Cambrian, a further decided advantage over the Bengal supplies.

31. These, at all events, are the considerations which influenced the bargain made by the Government of Bombay for the Cambrian's cargo of hemp. Of the motives which actuated the measure, I can further solemnly declare, that I ever conceived it, not simply, but eminently calculated to meet the wishes of His Majesty's ministers, and of the honourable Court.

32. The next occasion of the honourable Court's displeasure, was a representation by the house of Forbes and Co. and Bruce, Fawcett and Co. in January 1810, of the ruinous price which cotton had attained in 1809, begging Government to withdraw its competition for a season from the market, and offering to supply, at its actual cost, the quantity of cotton they might require to purchase for the Company's China trade in the current year, a proposal in which Government then thought it expedient to acquiesce.

33. On this head it will only be necessary to premise, that the Company take the cotton of their own districts in Guzerat in kind, partly as revenue, and partly otherwise, at a reduced price; and that for any additional quantity wanted, they enter the general market as purchasers; in which view the merchants thought that the Company's competition was at least one cause of the high prices of which they complained, and solicited that the effects of its removal might at all events be tried.

34. In the honourable Court's animadversions on this transaction, they are pleased to assume the following, as facts, viz.—That the Company exercise no monopoly in their own cotton districts, or throw the least obstruction in the way of private buyers; that their servants only take from these districts the amount of the established revenue in cotton; that this is accounted for to the ryots, at a price equivalent to the general market rate of the season; and that they do not exercise power or influence to get the commodity at a less price, “than the said market rate, or than the owners are content to sell it at.” Admitting at the same time, that if this were really the case, “there would then be at least a consistency between the alledged cause and the alledged effect.” Their competition in the general market is also supposed to be attended with no injury whatever in its effects.

35. From some of the more partial statements entered on the public records, it is possible these inferences may have been deduced; and I have no doubt that these are both the conviction and intention of the honourable Court, as well in reference to their own ryots, as to the merchants residing under their authority in India. But the real state of the case is widely different; their records contain unequivocal proofs of the following facts, as I pledge myself if necessary, to exhibit in the official reports of their servants, and an uninterrupted series of orders by the local government.

First; That the Company monopolize the cotton in their own districts, or at least of the tulput or government lands, taking not only the whole revenue of these districts in cotton, but the “surplus” produce at the reduced price fixed by their servants. Thus, let us suppose the whole produce of a tulput district to be as 10, of which the grain produce is 2, and the cotton - - - - - 8
The Company's share of revenue will be in all 5, but of cotton only - - - - - 4
The remainder of the revenue is grain convertible, according to established usage, into a money payment; but for this, cotton in kind is also substituted, and therefore takes another share or - - - - - 1

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There then remains a "surplus," the unquestionable, exclusive and allowed right of the cultivators of - - - - - 3
Over which the Company can have no possible claim but that of absolute force; yet this is also taken from the ryots at the reduced price fixed by their servants, making - - - - - 8

Or the whole cotton produce of the district, without leaving any portion of the avowed share of the ryots at their own free disposal.

The produce of the tulput lands of the Broach collectorship in cotton is estimated on record at 12,000 or 14,000 bales; that of the free lands at 3,000; so that the Company monopolized in this collectorship, in the first instance, 4-5ths of the whole produce; the remaining 5th belongs to the actual proprietors of estates called grassias and wuzee-fadars; and whose rights, as such, are undisputed. Of these it is recorded in 1808, that the commercial resident attempted to take their produce on the same terms as that of the tulput lands. The wuzee-fadars strenuously resisted; the commercial resident loudly complained. A reference was made by orders of Government to the judge of the district, and through his interference the wuzee-fadars conformed to what was called the common practice of the pergunnah. It would seem from the record, that the wuzee-fadars only submitted to the system in 1808, though the orders of Government, as seen in their proceedings, uniformly required the *whole produce* to be appropriated to the use of the Company.

Secondly; That this monopoly is a continuation of that established in 1791, under Scindia's government; and retaining some of its features, is thereby calculated to keep up the original sense of its injustice, and to level our Government in the estimation of the natives, with the despotism which preceded it. The plea of perpetuating the practice of the old government, is only good in relation to usages whose proved utility may have rooted them in the attachment of the people, but no justification of the rapacious exactions of a Mahratta fonzdar; and the more especially, where even the pretence of antiquity cannot be advanced to lay claim to our respect.

Thirdly; That this monopoly has been uniformly authorized, and even required, by the orders of Government, from the first of our footing in Guzerat, to the positive exclusion of all private buyers from the Company's districts, though such a measure is now declared to be contrary to the intention and understanding of the honourable Court.

Fourthly; That this monopoly has had the effect of nearly doubling the price of cotton in Guzerat.

Fifthly; That if the Company were now to relinquish this monopoly, and the trade were thrown open, the price would materially fall, whence it follows, that the Company's interference not only rises the market price of the article to buyers, generally, but that the Company's agents still withhold from the ryots that market price which their own competition has materially contributed to enhance.

Sixthly; That this cotton is taken from the cultivators, in the first instance, without any price being either fixed or intimated; the reduced price is only pronounced at the close of the season, after all the cotton has been disposed of, and sent off to Bombay; it not being right, as the report observes, "to fix it at the commencement of the season, when the price is high, and expectation great, lest it might perhaps create some degree of discontent among the ryots."

It follows from this rule, and the orders of Government on which it is founded, and the price of cotton is fixed by the agents of the buyers alone, i. e. by the judge, the collector, and the commercial resident, who exercise the whole civil authority of the district over, generally speaking, a slavish, patient, and forbearing people; and that the sellers are in reality allowed no voice in the value of their own commodity, or even suffered to know what they shall get for it, till after it has been far removed from their reach, and the country, by previous exportations to Bombay.

Seventhly; That orders were issued for a further reduction of price, if practicable; and that the servants to the northward, thought it their duty, in pursuance of these orders, to offer it as their opinion, that a further reduction of 10 or 12 per cent. might be unobjectionably effected.

Eighthly; That the further reduction of price was not meant to be attended with a corresponding diminution of revenue, although the payers of this revenue are avowed to be the only sufferers by the reduced price of their cotton.

Ninthly; That Government in this very report, and in reference also to the honourable Court's orders of the 30th April 1806, expressed in December following their expectation, always tantamount in its effect to an order, to the northern servants, that the price of the Company's cotton to the ryots should be fixed at 10 or 12 per cent. lower than the same class of people get for it in the neighbouring Mahratta pergunnah. The Company's price to the ryots has consequently been always under, and in 1809 was 30 rupees per candy or 25 per cent. under the general market rate. Whatever may be said of the Company's right to the revenue cotton at this reduced price, it is for the honourable Court to judge how far it should also be applied to the "surplus cotton," which the ryots have certainly an avowed and exclusive right to dispose of, if they please, in the general market; but which, contrary to the

the declared intention of the honourable Court, it is thus seen they are positively restrained from selling.—And,

Finally, That though the honourable Court's orders of the 30th April 1806, evidently refer to a general reduction of the price of cotton, to save a branch of trade to the western side of India, which it was otherwise expected to lose, yet the views of their servants in India never extended beyond reducing the cost of that portion, which was intended to constitute the Company's annual investments to China. It is remarkable, that the object of the honourable Court's orders was thus wholly defeated. They intended good, but produced in their operation a material aggravation of the very evil which the Court proposed to remedy. By their servants withdrawing a large portion of cotton from the ryots, or sellers, at a reduced price, and the other means resorted to give effect to these orders, the residue of the commodity became materially raised in price in the general market.

36. I have thought it best to state these heads generally; were I to detail all the proofs by which they may be supported on record, it would extend this address to an irksome length, and would, I fear, wear the appearance of a controversial discussion with the honourable Court, which I feel particularly anxious on the present occasion to avoid. As I pledge myself however, to prove these facts, and as the records which contain the proofs are at hand, there may be less difficulty in admitting them to justify any expressions I may have used in reference to the injuries I thus knew to be sustained, and which my recorded minutes specifically state were only intended to be applied locally, that is, exclusively to the internal trade of the country and government of its subjects, and to have no reference whatever to the honourable Company's exclusive privilege, which as sanctioned by the Legislature, and myself a Company's servant, I never had the slightest intention to comment upon or disturb. I ever considered it however, as much the study of a faithful servant, as the wish of the honourable Court themselves, that they should be fully apprized of important facts connected with the prosperity of their Indian territories; and in what I recorded, as well as what I would have continued to explain, on these subjects, I certainly meant no more than a respectful disclosure of truths material for the honourable Court to know; and which, after submission to their notice, it would of course rest with them to act upon, or otherwise, as they might deem most conducive to their own true interests.

37. Several other injuries might be adduced, as resulting from this little understood state of the cotton trade; but the preceding are probably sufficient to answer all the purposes here intended.

38. These facts may also, I trust, serve to justify the disposition I have occasionally evinced to promote, where it seemed to require it, the internal trade of India generally, but which I find has been unaccountably construed in this country into an improper concurrence in the interested views of the two houses so frequently mentioned in this address. I should really think it beneath me to offer even a single explanation on so degrading a charge, did I not perceive it to have been artfully impressed on persons I sincerely respect; and it is not a little mortifying to be obliged to deny an accusation at which the principles of my public conduct actually revolt. It is perfectly well known in Bombay, that I never was on terms of intimacy with either of these firms; that no intercourse passed between us but that of ordinary civility; and that for a long time previous to the proceedings here treated of, and during the whole course of my subsequent continuance in office, I had not a pecuniary transaction of any description with either. In what respects therefore, these houses could have influence over me, remains to be explained by those who have clandestinely preferred so base a charge. No civilized or enlightened government would surely withhold its fostering care and protection from the legitimate trade of its subjects; and in speaking of the merchants of India, I have always had in view that general body, which it is as much the policy as the duty of the governing power to favour equally; a principle which the honourable Court have, in their instruction to India, frequently enjoined, but which partiality to particular merchants or houses would effectually violate and defeat.

39. On the head of competition in the purchase of cotton, I shall, for the same reason as adduced in the 36th paragraph, say but little. All I ever advanced on this head was, that the Company's competition was one, though not the sole cause of the high price which cotton had attained in Guzerat; the undue competition of the private merchants another. The honourable Court however insist on the latter fact, and deny the former altogether, on the authority of a report to this effect by the commercial resident at Surat; yet if the honourable Court will be pleased again to refer to the records of 1809, they will find the same commercial resident avow, in the very same year, and when not personally accused himself of injudicious acts or heedless purchases, that "on the 11th March he had every hope of purchasing cotton at moderate rates," whilst on the 25th following he adds, "it has been unfortunate however, that the honourable Company's views were publicly known at Broach before he received his orders; and the consequence was such an immediate influx of competitors, as to occasion a considerable rise in the market price. By withholding for a day or two, I however was enabled to conclude engagements for about fourteen hundred bales packed, at 150 or 151½ R^s per candy, being 1 to 1½ less than it had risen to at first; but it immediately afterwards obtained 155 and 156 R^s, at which it has since continued."

40. In 1798 the commercial resident at Surat was first employed to purchase cotton (I believe about 2,000 bales) for the Company. If the honourable Court will please to refer to
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their diaries of that period, they will see a series of mysterious proceedings, with injunctions to the strictest secrecy, in this trifling purchase; and merely that the price of the article might not be affected by the Company's competition, or obstacles thrown in the way by a knowledge of their intentions.

41. Just before I quitted the Council Board a letter was received from another commercial agent, ordered by Government to purchase timber, in which he remarks, "I have, in consideration of the tendency which the Company's wants *always* have to raise the market, entrusted this business also to Mr. Crookenden's management, and he has sent trusty people, fully instructed to make such arrangements as they may find practicable."

42. To multiply proofs of this description, is however quite superfluous, for the records are full of them.

43. Some years ago it was stated, on good authority, that 70 R^s per candy of cotton to the grower, was equal to the average which grain yielded. In 1808 the judge of Broach observes, that 30 R^s per bhar, i. e. $79\frac{1}{2}$ R^s per candy, would afford a good profit to the cultivator. At this rate the ultimate exporter might expect to get cotton at 100 R^s to 110 R^s per candy to the northward, and therefore 120 to 130 rupees in Bombay, at which rate it would admit of consignment to China; but when the northern price is so high that the average of the season gives

D^r - - STATEMENT of an Adventure in Cotton from Bombay to China,

1809.		
April 1.	To cost of 4,000 bales, or 2,000 candies of cotton, at the average price of the last 5 years, (or since the Company have renewed their adventures in cotton) or R ^s 150 per candy, rupees - - - -	300,000
	Charges of packing, screwing, shipping, &c. at R ^s 10 per candy -	20,000
	Insurance on the above, to cover in case of loss from Bombay to China R ^s 360,000. at 6 per cent, being the lowest terms of the Bombay Insurance Office, including harbour risk while lading - - - -	21,600
		R ^s 341,600
December 1.	Ditto on the returning funds from China to Bombay, covered as above, on R ^s 488,000. at 5 per cent. d ^o d ^o - - - -	24,400
1810.		
April 1.	Interest on rupees 341,600. for one year, and on R ^s 24,400. for 4 months, at 8 per cent. per annum, being the Company's rate of interest, but which is 1 per cent. less than the mercantile rate - - - -	27,978
		R ^s 393,978
	The expenses of the ship for the voyage, viz. Interest for one year on rupees 200,000, the lowest value of the block of a ship of 1,000 tons, at 8 per cent. - - - -	R ^s 16,000
	Insurance thereon to China at 6 per cent. -	R ^s 12,000
	D ^o D ^o from China at 5 per cent. - - - -	10,000
	Interest on premium paid - - - -	1,226
		23,226
	Wages to the commander, officers and crew, provision, wear and tear, &c. say for 10 months at R ^s 4,000. per month - - - -	40,000
	Ship's measurement in China (a harbour duty to the Chinese Government) say at least - - - -	15,000
		94,226
		Rupees - 488,204

N. B. As no more than one China voyage can be performed in the year, the adventurer must in all cases defray the full year's interest on block; but in order to state the expenses as low as possible, only 10 months wages are supposed in this statement to be actually paid.

46. To the sources of extraordinary competition above mentioned must be added the state of the seasons, and the limit thereby placed to commercial speculations in Guzerat. Generally speaking, no boats laden with cotton put to sea after the end of April; and every purchaser is anxious to complete his bargain in time, to convey his cotton to Bombay before the monsoon, in order to avoid the damage the additional expence of warehousing it to the northward, and the disappointment of not being able to send it in due season to China. The cotton

gives, as in 1809, 175 rupees per candy on the Bombay green, there is an end of all profitable speculation to China by private merchants.

44. The honourable Court, in their orders of the 22d February 1811, seem to think there is no proof of the price being too high; yet all the facts I have adverted to are on record, inclusive of their own letter of the 30th April 1806, in which a much lower price than that of 1809-10 is considered by them as fraught with alarming consequences to this trade. Neither is it probable the merchants themselves would have wantonly represented this increase of price in such strong terms to Government, if ruin had not actually stared them in the face.

45. In Bombay I was at pains to collect an accurate account, taken from the books and correspondence of the first mercantile houses, of the selling prices of cotton in China, from 1804-5 to 1809-10 inclusive. This price I can assure the honourable Court does not average more than 12 tales, $7\frac{1}{2}$ mace per pecul; the Company get more, but theirs is so far a nominal price, that is carried to account, without interest, with the Hong merchants, on which the latter now owe the Company I apprehend a heavy sum. The money prices of China, consequently the real selling prices, are no more than what I have stated.

The merchants can at all events get no higher. On these grounds the following statement will be found to exhibit a correct view of the out-turn of a speculation in cotton to China, in a private ship navigated in India, which I believe the strictest scrutiny cannot controvert.

on a Country Ship of 2,000 Candies, or 1,000 Tons burthen. - - - Cr

1809.		
October.	By sale of 2,000 candies of cotton, or 11,760 peculs, at 13 tales per pecul, (being higher than the average price of the last 6 years*) are tales 152,880, or R ^s - - - - -	458,640
	Deduct landing charges, wastage and agency in China, say in all, 5 per cent. - - - - -	22,932
	Net proceeds - - - - -	R ^s 435,708
	Or at 216 R ^s per 100 D ^{rs} Spanish d ^o - - - - -	201,716
	Take off exchange on new D ^{rs} , at $1\frac{1}{2}$ per cent. shroffage and shipping charges in China, and landing charges at Bombay, say in all $1\frac{1}{2}$ per cent. - - - - -	3,025
	Spanish D ^{rs} - - - - -	198,691
	Which invested in new dollars, as the greater part of the returns from China have of late years been, and returned to Bombay, will realize there at the most 219 rupees per 100 dollars (the rate obtainable from the Company's mint), by the 1st of April 1810 - - - - -	R ^s 435,133
1810.		
April 1.	Probable freight from China to Bombay, allowed in this statement, but which is seldom earned by more than one or two ships of each season, say - - - - -	15,000
		Rupees 450,133
	Balance, or net loss on the adventure - - - - -	38,071
		Rupees 488,204

Bombay, 1st April 1811.

(Errors excepted.)

* The sales in China for the last six years only average 12 tales $7\frac{1}{2}$ mace per pecul; but I have purposely assumed this higher rate of sale to obviate objection against this statement.

cotton dealers take advantage of these circumstances, to keep up a price which the purchasers are thus pressed by more than ordinary causes to acquiesce in. Among the injuries sustained in the cotton trade, it is as well known in Bombay, as the bankruptcies of a Gazette are in London, that the causes of disorder which are thus shewn to have long existed, have actually ruined and expelled from the trade a horde of petty merchants in Bombay, who used formerly to engage in it annually to China, and that none but the richer and greater

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greater houses, have been able of late years, to support the losses constantly attending it, occasioned by higher buying prices in Bombay and Guzerat, than the selling price in China was sufficient to cover. There are persons of the highest respectability now in England, who can attest the last mentioned fact, from an intimate knowledge of all the circumstances of these distressing failures.

47. The proposal made by Bruce, Fawcett and Co. and Forbes and Co. in January 1810, was in perfect consistence with the views thus given of the state of the cotton trade. Cotton had been raising in price from the causes above explained, till in 1809, it attained the rate of from 173 to 180 rupees per candy in Bombay, with a few hundred bales at 184 rupees. With no prospect of abatement of price in the following year, the merchants represented the ruinous consequences of such a state of things to their own interest, and entreated Government to withhold, at least, their own competition, as an experiment for one year; offering to supply them with any quantity they wanted of good China market cotton at the bona fide cost of the commodity to themselves.

48. On this proposal, when in circulation for the consideration of Government, and before the meeting of Council to decide on it, I recorded a short minute, adducing very concisely the reasons which led me to think, as well in view to the public good, as the commercial interests of the Company, that the proposal "might merit consideration." The Council afterwards met, were unanimous in their opinion of the advantage, if not necessity, of the proposal; and all I did was to concur in this unanimous resolution. Yet, hard to say, the whole blame of this transaction is again attached to me. I alone am accused of betraying the Company's interests, and my own trust; of siding with their declared enemies against them, of exposing and publishing their secrets to the world; and of not taking the proper means of communicating my sentiments to the honourable Court. When this heavy censure first reached India, the humble and harmless minute against which it was levelled, had so long lain in oblivion and obscurity, that I had actually forgotten its existence. I can safely add, that at this time, no human being, excepting the Members of Government, the Court of Directors, and their respective Secretaries and Assistants, had to my knowledge seen it. If therefore it has been published to the world, it must be through some mischance, at the India House; for at Bombay, it was in profound rest, and nothing but the electric orders of the honourable Court, would ever have caused it to rise again from its official dust. As to the mode I have always adopted of imparting my sentiments to the honourable Court, permit me to ask in what other way I could have done it. The mode adopted was in the strict official line of my duty. It was a confidential communication, on records only open to the inspection of their Government in India, and of the honourable Court at home, and involving no kind of publicity that was not indispensable to a free discussion, between masters and servants, of things intimately connected with the former's interests.

49. To the arguments of the honourable Court, accusing us of throwing, on this occasion, the worst, and most injurious of all monopolies, into the hands of Forbes and Co. and Bruce, Fawcett and Co. it is only necessary to oppose a statement, taken from the Custom-house records, of the imports of cotton into Bombay in the season in which the monopoly, as it is supposed, was granted to the houses aforesaid. The other merchant importers (exclusive of the honourable Company, and the two monopolizing houses) are no less than 70 in number; all importing their usual quantities of this commodity; whilst I am authorized to say, and ready to prove, that the aforesaid misnamed monopolists only imported their usual supplies also, in addition to what they purchased for the Company. Neither were the purchases of these houses made jointly, as asserted by the honourable Court, so as thereby to reduce these two principal purchasers into one; they were actually made by separate agents, and even charged at different rates to the Company, Forbes and Co's. cotton costing R^s 156. 2. 18. per candy, and that of Bruce, Fawcett and Co. R^s 153. 3. 14.

50. As to the secrecy of this transaction, it must be obvious to every one, that if Government had proclaimed their employment of these merchants to purchase cotton, it would have defeated the object in view. Had the sellers known that the Company were still in the market, their motives for demanding a high price would have continued in equal force. Whether A. or B. were the agents of that buyer would have been a matter of perfect indifference to them.

51. Though the honourable Court are pleased to term a proposal, whose object was to narrow excessive competition, in a small degree monstrous and extraordinary, and incompatible with the principles of commerce, there is yet nothing in it at variance with the ordinary usage of Government, as the public records abundantly testify.

52. Previous to 1798, the Government always bought their cotton in Bombay, and employed no agent to compete in the Guzerat market.

53. In 1801 they purchased cotton again, in Bombay, from the merchants.

54. In 1802 they were pleased to approve a plan which narrowed the competition still more effectually than any thing that has been since adopted. A committee was then formed, consisting of a member of council, as resident, and a deputy from each commercial house, to make a joint purchase of the cotton required by the parties respectively. The plea for instituting this committee was also the enormous price to which, under competition, had raised the cotton in Guzerat, and the adulterations which are so fully explained in the honourable

honourable Court's letter; and the object in view was then also to lower the price, and improve the quality, of the commodity. As the committee employed only one agent to make their purchases to the northward, there was then, in fact, no competitor in the market. Yet a scheme thus more than barely narrowing the competition, was at this time acquiesced in without objection.

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55. In 1804, on a strong representation from the same houses as in the present instance, coupled with that of Adamson (since dead), as to the very same evils experienced in this trade, Government agreed to withdraw from the Guzerat market, and to receive the quantity of cotton they required, about 12,000 bales in that year, through the agency of the merchants, at the bonâ fide cost of the season.

56. The merchants, on this occasion, impressed in the most urgent manner on the attention of Government, that nothing but a perfect union of measures on the "part of Government and the merchants, not only in the present but during several succeeding years, could preserve to the settlement of Bombay the benefits of this extensive, and, they added, its "almost only commerce." This proposal further stipulated, "that Government shall withdraw from the market, on the merchants engaging for the provision and delivery in Bombay, of a quantity of cotton equal to the lading of the honourable Company's tonnage expected from Europe, for which payment shall be made at the average rate of their purchases. In either case, however, it was to be understood that Government will, as in the season of 1801-2, by every reasonable means in their power, promote the object which the merchants had in view; namely, to prevent the adulteration, and reduce the price of cotton."

57. Government in acceding to this proposal, "adverted to the 98th and 99th paragraphs of the general letter from the honourable Court of the 24th June 1803, whence it appeared to be consistent with the opinion of the honourable Court, that this Government should, under the circumstances set forth by the merchants, continue its endeavours towards counteracting the combination of dealers to the northward, for enhancing its price, and debasing the quality of the cotton."

58. This proposal, dated in February 1804, makes no particular mention of the Company's interference in the trade, because the effect of their competition, coupled with the monopoly of the cotton of their own districts, had not yet been felt. It was the first season of their entering the market, since the acquisition of Broach, and February was the commencement of that season; but in April following the collector of Broach having secured from the ryots 4,000 candies of cotton, by which it was withdrawn from the general market, and therefore from fair competition, and having tendered it to the merchants for sale at a high price, these complained of it loudly, as a breach of the original engagement with Government; adding, "this injudicious interference in the Broach market would be of the less consequence, if its effects were confined to that district, but it had produced the prejudicial consequence of enhancing the price over the whole country to a most serious extent."

59. This, then, is an exact precedent. The proposal in both cases is the same; the houses are the same, with the addition of Adamson; the object is the same; the mode of execution the same; and the policy which sanctioned both measures equally clear and urgent. The only discernible difference in their main features is in the adverse sentiments of the honourable Court, who are pleased to punish with extreme severity in 1811, what in 1804-5 they saw no reason to disapprove.

60. It is proper to mention, for the sake of entire accuracy, that Government, for want of funds to pay for it, finally returned this cotton to the merchants; but this does not affect the strict analogy of the two cases; for the surrender of the cotton did not take place until after the purchase had been completed, and the cotton arrived in Bombay, and therefore not till after all those supposed causes of evil, which the Court now ascribe to the transaction, had had their full effect.

61. There are also reports on record from the northern servants, actually recommending all competition in the Guzerat markets to be suppressed. One of these, in addition to a proposal for suppressing all competition, as equally conducive to the advantage of the Company and the merchants, recommends "that the whole cotton of the year might be purchased by the Company; and such a proportion appropriated to supply the demands of individuals, as upon enquiry, or the experience of former years, might be found equitable."

62. Whilst measures and propositions like these were known to be on record, and favourably received, there was certainly little reason to apprehend that suggestions proposing the same end by milder methods could be disapproved.

63. Nay, if reference be had to the orders of the honourable Court of 30th April 1806, it will be seen that they anxiously pressed on the attention of Government the necessity of recurrence to effectual measures for reducing the prime cost of Surat cotton generally, to prevent the annihilation they otherwise apprehended of this branch of trade. At the time these orders were issued, the price of cotton was much lower than in 1809-10. When, therefore, the evil had increased in magnitude, and the necessity for reduction became more manifest and urgent, it is submitted to the honourable Court's justice, whether a simple concurrence in the only immediate means of accomplishing it, and in which the whole

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Board unanimously voted, should draw down on me alone the utmost severity of their censure and punishment.

64. As to the alledged disrespect of the merchants representation in 1810, and the censure cast on Government for not resenting it, the letter will be found to vary but little in substance from the similar representation above noticed in 1804. It appeared to me to contain nothing more than what the merchants had frequently represented before, both verbally and on record. The grounds of this representation were true, and being fraught with extreme injury to their interests, might be allowed to justify some warmth of expression; but even if this had passed the proper limits of decorum, it would yet remain to be proved, whether quickness in anger was more consistent with the dignity of Government, than that calm composure which, to inflexible steadiness in right actions, adds the charity of forbearance towards minor offences.

65. I can add, from my own knowledge, that no member of the Board, when this proposal was before us, entertained an idea of offence being intended; indeed insult or disrespect were incompatible with the object of the representation. Men of sense seeking a favour of great importance to their interests, would hardly clothe it in language fatal to the success of their request.

66. On the honourable Court's objection, that the arrangement with the houses above mentioned in 1810, went to prevent the export by the Company of cotton to Europe, when necessary, it will be sufficient to observe, that the cotton sent to Europe on account of the Company is always toomil, with the addition of the best picked bales of the other cotton, to make up a cargo. All this is invariably the produce of the Broach purgunnah; with which the purchases of Forbes and Co. and Bruce, Fawcett and Co. could not, and were not intended to interfere; wherefore not a single pound of the Company's cotton could possibly have been prevented going to Europe, by the arrangement in question.

67. Finally, it will be seen in the honourable Court's own records, that the average price of the Company's purchased cotton in 1809, was 175 rupees per candy, exclusive of interest. There was every probability as aforementioned, of the price continuing in 1810, but for the arrangement we adopted with the merchants. Under this arrangement, the Company were supplied with about 4,000 candies of cotton in 1810, at the average cost from both houses, and made up with interest to the 1st August 1810, of 155 rupees per candy. The Company must therefore be said to have saved by this transaction, more than 20 rupees per candy, and therefore on the whole purchase of the year (near 4,000 candies) about 80,000 rupees, or £10,000 sterling.

I have the honour to be, with the greatest respect,

Honourable Sirs,

London,
9th September 1812.

your very faithful, and obedient humble Servant,

(Signed)

R. RICKARDS.

Sir,

The Court of Directors of the East India Company have considered your letter, referring to their orders of the 22d February 1811, which removed you from your seat in Council, and, as you state, "declared you unworthy of the Court's future confidence," and appealing to that justice and liberality which have so frequently distinguished the Court's public acts, when there was injury to be repaired, or merit, however humble, to be rewarded—

It appears to the Court, that there is an error in the above quotation made by you, of the Court's having declared you unworthy of their future confidence, as will be evinced by the concluding paragraph of their orders of February 1811, paragraph 27, which is as follows:—"With respect to Mr. Rickards, although he has incurred our displeasure in the instance above-mentioned, yet, as we entertain a favourable opinion of his abilities in general, we shall not object to his being employed in any situation under your presidency, to which he may be eligible from his rank in the service." And the Court having referred to the orders of the 22d February 1811, paragraph 24, which state, "upon those grounds, and in consideration of the conduct of Mr. Rickards in the hemp transaction, we feel it impossible to continue our confidence to him in the situation of a Member of our Council, and are therefore under the necessity of removing him, as we hereby do, from that office."

I am directed to acquaint you, that upon a mature consideration of the whole of your case, they cannot depart from the resolution expressed in the said orders.

I am, Sir, &c.

East India House, }
26th February, 1813. }

(Signed)

JAMES COBB,

Assistant Secretary.

Robert Rickards, Esq.

No. 2.

Copy of PARAGRAPHS, No. 2 to No. 27, both inclusive, of a LETTER from the Court of Directors of the *East India Company*, to the Government of *Bombay*, dated February 22, 1811;—relative to the COTTON TRADE.

EXTRACT PUBLIC LETTER TO BOMBAY, dated the 22d February 1811.

Paragraph 2.

THE engagement entered into by a majority of your Council, with the house of Bruce, Fawcett & Co. for a cargo of hemp deliverable in London, and the mode of reasoning by which Mr. Rickards supported certain proposals of the private merchants relative to the cotton trade, appeared to us so highly objectionable, that we thought it incumbent upon us to take the earliest occasion to convey to you the impressions made upon our minds by these proceedings, and accordingly our sentiments on them were immediately communicated to you in our commercial letters of the 5th January and 10th October 1810 respectively.

No. 2.

The Court of Directors to the Government of *Bombay*,
22 Feb. 1811:—on the Cotton Trade.

3. It was our meaning then to follow up these communications with our further determination upon the subjects in question; and having since maturely deliberated upon them, we come now to give the final opinions and orders which they call for from us.

4. The extremely exceptionable and improvident nature of the hemp transaction was set forth in our letter of the 10th January 1810, above-mentioned. The answer given by Mr. Rickards in his minute of the 14th May 1810, to the strictures contained in that letter, appear to us quite unsatisfactory, and indeed according to his own account, his explanation, only "leads him to hope that the guarantee may yet appear to contain some advantages," and not to be so complete a dereliction of the public interest, or neglect of the honourable Court's orders, as at first sight pronounced."

5. Our primary object in relation to the provision of hemp was, as our orders to our different Governments stated, both to make the territories of the Company available for the service of the nation in a most important article, and to that end to afford the agency of the Company gratuitously, so as to bring the Indian hemp into the stores of Government here, at no other expense than the prime cost and actual charges disbursed. This was an extensive scheme, requiring time and gradual meliorations of a culture, still in its infancy in India. Our instructions to you were conformable to this idea. You were to make purchases of hemp, and advances for the cultivation of it, on account of the Company in a series of years; and to use all proper means to extend the growth, and improve the quality of the article. In employing the term of "Salsette hemp," we meant to prefer what we understood to be the best hemp; but not to exclude the produce fit to be exported, of any part of our territories, nor consequently the hemp of the Concan, which Messrs. Bruce and Co. furnished; and for this sense of our orders, Mr. Rickards himself contends.

6. Assuredly the Company's agents must have been at least capable of procuring the hemp of Rajahpore from the first hands, as the agents of any private merchants; nor do we see the smallest reason to believe that our servants could not have provided it on as low terms, and at least in as large a quantity. All allegations to the contrary seem to us to be entirely groundless; and we can have no doubt that the best, indeed the only way to accomplish our design, was to employ the servants of the Company, whose agency must equally at least with that of any other description of persons, have encouraged cultivation; and the publicity of their proceedings (a publicity indeed which, Mr. Rickards says, followed the first operation commenced in a silent way of the agents of Messrs. Bruce and Co.) must have contributed to that encouragement. The orders of the Bengal Government to you, which Mr. Rickards pleads, had they differed from those of the Court of Directors, should not have superseded them; but they only enforced a compliance with our instructions to that Government, of which they transmitted you a copy, enjoining you "to adopt such measures as should appear to you to be best calculated to promote the wishes of the Honourable Court of His Majesty's Ministers." Certainly, this language afforded no countenance to a scheme which went directly to pervert the design both of the Government and the Company.

7. Mr. Rickards, in his minute above quoted, pleads for the allowance and the exercise of some discretion in our Governments abroad, "situated at such a distance from the con-

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"trouling authority in England, and in circumstances when they might conceive the Court's wish or the public good to be thereby promoted." But a deviation from plain and positive orders, which always incurs responsibility, and requires a strong justification, can only be acquiesced in under one or more important circumstances, essentially different from those in the contemplation of the Court, when the orders were given. No such essential difference can here be alledged. Indeed we looked less to an immediate than to a gradual and progressive supply of hemp; and we looked to that supply only by the means we pointed out; and if such a latitude of construction and alteration as Mr. Rickards contends for were allowed, very many of our orders might be nullified, and the controul at home greatly weakened.

8. The very measure in question may be taken as an instance. Messrs. Letchmere and Rickards adopted it upon the alledged ground of our orders, and those of the Governor-General in Council; but it went as before intimated, in letter and spirit, entirely to contravene and defeat them. Instead of a great public undertaking, conducted solely upon patriotic disinterested principles, they substituted the private speculation of a mercantile house for one cargo of hemp, a speculation, the prominent feature of which most evidently is not the certainty of any accommodation or supply to Government, but the certainty of gain to that house; because as remarked in our former letter, the house stipulated for, and Messrs. Letchmere and Rickards granted a guarantee of £.65. per ton for the hemp in London, with an option to dispose of it otherwise than to the Company or Government, if they thought fit; so that they were secured not only from loss, but in a profit, if the market here should prove ever so unfavourable; and if the price of hemp should be high, and Government consequently in want of that commodity, they were then at liberty to dispose of their cargo to the best bidder, to disappoint Government, the supply of whom was the original object, and to disappoint also the design of the Company to be the agent and medium of that supply; a supply, that to a certain extent, would have been commenced and found by the Company themselves, but for the interposition of this scheme, which went to turn the provision into the channel of the private merchants, for we do not perceive any suggestion on the part of the majority of Council to enter upon a provision on account of the Company.

9. The issue of this business has been, that the cargo of hemp arrived here when the article was abundant, and the price low. The house of Messrs. Bruce and Co. therefore called on us in virtue of the guarantee, to take the hemp from them at £.65. per ton. We have been obliged to do so; Government have refused to receive it from us at that rate, as indeed, the hemp was not at all provided in the manner we had undertaken it should be; and the article being still low, the cargo yet remains upon our hands; Messrs. Bruce and Co. having alone received any benefit by it.

10. In proceeding to consider the line of conduct adopted by Mr. Rickards, in the particular question brought before you, respecting the Company's trade in cotton, we shall advert generally to the circumstances in which the Company stand in relation to that trade.

11. The district of Broach, part of the lands ceded to us in Guzerat, pays a portion of its revenue in cotton. This practice did not originate with the Company, but was transmitted to them from the Mahratta government, whom they succeeded in the possession of that district; and it is indeed, derived from a principle very ancient in Indian taxation, that of a division of the actual produce of the soil, between the sovereign and the cultivator.

12. The sovereign's share is in modern times commonly converted into a money rent, and such in fact is the case with respect to the cotton produce in question; the cultivator is charged for the whole of his assessment or rent in money, but pays a certain portion of it in cotton, at a money rate agreed on by both parties. The first question that arises here, is whether the interest of the cultivator be properly secured in such a practice; and we are glad to receive satisfactory information on this head from the judge and magistrate of Broach; for agreeing with the sentiment expressed to that officer by our Governor, in his letter of the 4th of July 1808, we would not have the object of commercial advantage pursued to the prejudice of the just claims of the cultivator of the soil. Mr. Prendergast, however, the judge and magistrate above alluded to, states, that whilst the farmers can get for copass or uncleaned cotton, at the rate of 30 rupees per bhar, it will be decidedly more profitable to them to cultivate it than the most valuable grain, but that they are sure both of 40 rupees per bhar from the Company, and a certain sale. And Lieut. Colonel Walker, the resident of Baroda, in an instructive paper recorded in your Proceedings on the Cotton Trade of Guzerat, after stating that when there is a moderate competition, the price is from 32 to 35 rupees per bhar; but that when purchasers are more numerous, it rises much higher, and observing further "that great care should be taken not to reduce the price of the article too much, which would discourage the cultivation;" nevertheless, estimates the price which might be given by purchasers, at 35 rupees per bhar. This he does too in a plan for correcting many frauds and abuses in that trade, of which he has given an account, as they are practised by the various classes of natives employed in it, between the first grower and the last purchaser, for exportation, both of whom suffer by the misconduct of the intermediate men, whether acting as sellers or as agents for the exporting merchant. From this account, which has reference not so much to the limited district of Broach, which pays a part of its cotton produce in kind to the Company, as generally to the other cotton districts, including those still

still under the Mahratta government, it appears that "the moment the amount of the jumabundy is determined, the securities whom the ryots give for their assessment, proceed in communication with the ryots, but often at their own discretion, to settle the price of the copass with the patells, and the patells and tultaties account with the cultivators." The securities termed manotudars, are the monied men of the country, and the amuldar being commonly of their fraternity, they have the support of his authority. The manotudars, or securities, usually sell the cotton in the state of copass, the purchasers from them are the banians resident in the districts, who either sell it again on the spot, or deliver it to the hantias to be cleaned.

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13. It is with the cleaning of the cotton that frauds begin to multiply. Every stage thenceforward is marked by trick and dishonesty; the article is mixed with one of an inferior sort, or packed when only imperfectly cleaned; it is removed from the cleaning wheels without being teased, in order to separate any remaining leaves or seeds, put into darkened damp warehouses, which are cow-dunged to keep them moist; and the cotton, to preserve it humid, is almost daily sprinkled with water, the deceit being covered by putting dry cotton on the outside of that which has been wetted. The night before the purchaser means to begin weighing, the setter exposes his cotton to the heavy dews, spreading it on the ground to receive as much moisture as suits his purpose; the wind at the same time assisting his object, by blowing into the cotton a quantity of dust, sand, or other impurities, and all is deposited in warehouses again, moistened, some hours before the agents of the purchaser appear. Frauds still more gross are practised. The cotton is sometimes wetted with a mixture of salt and water, to increase doubly the weight; and even leaves, dirt, and stones are purposely mixed with it. The native agents employed in the district on the part of the exporting merchants of Bombay, to examine, weigh, and pack the cotton, are suspected of being parties in all these impositions; and from the detail of their conduct given by Major Walker, it seems difficult to believe that they are not both negligent and corrupt*.

* Major Walker's account of the Cotton Trade at Guzerat, recorded in Council.

14. The cotton dealers too, it appears from Major Walker's account, take advantage of a season of brisk demand, to put in practice all their arts to adulterate the article and enhance the price; and they sometimes also treat the purchaser with an insolence which reduces him to the dilemma of either taking a bad article on their terms, or running the hazard of losing the advance he had made. Hence, when the foreign market is unfavourable, and the demand for cotton but small, the dealers, afraid the article should remain on their hands, lower its price, and improve its quality. From the whole of this curious account, it is evident, that where the cultivators of cotton are under the power of monied men, the dealers in the districts, so utterly insensible to the true principles of trade, to a character, and to common honesty, and whilst the agents of the exporting merchants combine with those native dealers in their dishonest practices, real freedom of trade is not to be looked for. We, therefore, see no reason to doubt that the cultivators of cotton, who pay in kind to the Company, are better off than any other persons of the same class in Guzerat; and, in such a state of society, we think, that the community, instead of being injured by the Company's practice, of receiving a certain portion of uncleaned cotton at a fair or rather liberal rate, may be benefited by the example of equitable attention to the interest of the ryots, which is exhibited in the mode of conducting this business.

15. Besides the cotton thus acquired, the Company also purchase in the general market, through the medium of their European servants, a certain quantity of that article, chiefly with a view to aid their important commercial operations in China. This purchase is not carried on to the exclusion of any other buyers, nor to the disadvantage of the owners of cotton; for, on the contrary, the Company or their agents are accused, by the houses of Bruce, Fawcett, and Co. and Forbes and Co., of having, by their purchases, raised the market price of cotton to an immoderate degree; a charge, however, which Mr. Wren, the commercial resident at Surat, defends himself from, and retorts upon them. But certain it is, that the Company do not exercise power either to monopolize the market, or procure the article below its just value. It is now, and has been long, well understood, that it is not the interest of the Company to do so; and the proprietor of an estate, who has a lasting concern in its prosperity, may be expected to be less disposed to take advantage of the tenants than a stranger, unconnected with them. The houses above mentioned, however, have ventured publicly to complain to you "of the ruinous consequences which the competition of Government in the cotton market has unfortunately entailed on its own subjects;" their appeal, they say, "is founded on the principle, that the interference of a government in any market is destructive of fair competition, and necessarily tramples under foot all the collective interests of its subjects:" and the remedy they propose is, that the Company shall not otherwise engage in the cotton market, than for the purpose of receiving revenue in kind from the Broach pergunnahs, in which case these merchants offer to supply the Company with 4,000 bales of cotton for China, under a requisition, however, that the engagement may be kept secret.

16. A more extraordinary proposal, we are persuaded, does not stand upon our records. The Company is the oldest European trader now in India; it has opened the ports of the East to other British subjects, who, fostered solely under its protection, have come at length to share in all its extended commerce, Indian and European; and particularly to enjoy advantages in the inland trade of India, to which they could not have had access in the time of the native sovereigns. But these two houses, now in effect, claim for the private

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merchants the whole of the trade, Indian and European; because the principle on which they ground their appeal, however they may have meant to apply it, goes fully to that extent. In the name of those who could not have had a residence in India without the permission of the Company, and who have risen to commercial consequence under the auspices of their government, we are plainly told that they are not contented with being partakers in the commercial privileges of the Company, the whole should be left to them.

17. Although no proof is attempted of the assumed principle which involves this proposition, or of the justness of its application, some notice will nevertheless be hereafter taken of it; but it may suffice to observe now, that the proposition contends for fair competition and an equitable regard to the interests of all the subjects of a state; consequently, we persevere for the principle of freedom of trade. The Company are represented as violating all these; a scheme is proposed for the prevention of such violations, and what are the means it adopts?—*A secret combination between buyers to narrow the competition.* The two houses who brought forward the scheme must before have agreed to act together as one buyer; because as such they offer to act for the Company also; thus they would reduce three principal purchasers into one; and that one is to enter the market with all the advantage of knowing how much the competition will be narrowed, and with what certainty he can make his own large provision, whilst he offers only diminished prices.

18. Thus, you were required on the principle of fair competition, and of shewing an equitable regard to the interests of all the subjects of a State, to form a species of monopoly and combination in favour of two purchasers against the sellers universally; such is the practical result, in this case, of a high sounding criminating appeal to public principles; it is a project of self-interest, directly at variance with those principles. Too much accustomed as we have been to such perversion and abuse, in discussions relative to the commerce of the Company, we should not have dwelt so long upon this instance, (though certainly the extreme indecorum of such an attack from persons living and flourishing under the protection of our Government, might naturally have led to particular observation,) if a member of our Government had not sanctioned it in so remarkable a way.

19. Mr. Rickards not only appears to adopt the reasoning and scope of the letter from the two houses, but endeavours to support their proposal with additional arguments. The first argument, which is directed to the propriety of reducing the selling price of cotton in the districts, is founded very much upon the principle, that if the return of cotton to the grower were equal to the return of grain, it might be sufficient. We apprehend this principle of equalizing the profit on all other articles of culture to the profit on grain, to be unwarranted and unsound; and we can have no doubt that any Government which should attempt practically to establish it, would widely depart from the line of its duty. Besides, Mr. Rickards ought to have known, that the enhanced price at which the exporting merchant stores his cotton, is not to be ascribed to the rate paid to the cultivator, but to the passing of the article through different hands, each of which obtains a gain that swells the ultimate cost. To the intermediate dealers between the grower and the exporter, and to the competition for the purchase of the article, the rise of price to the final purchaser is chiefly to be ascribed. The price thus produced by the number and concurrence of buyers, Mr. Rickards, by a singular misuse of language, calls "a monopoly price;" whereas, wherever a real monopoly is exercised to exclude other buyers than the monopolist, it procures the commodity cheap; and when used to exclude other venders, it sells the commodity dear. On the contrary, nothing is better known, than that competition in buying has the effect of raising the price, and in selling of lowering it; in both ways the effect may be excessive; but it is only the nature of competition which is now in question. To counteract "a monopoly price," which Mr. Rickards has so indefensibly assumed, he recommends a measure in its nature partaking, as has been already shewn, of real monopoly; a measure which he seems to think the more allowable, because few of the cotton sellers are our own subjects; and though it might have been natural for a servant of the Company, who thought the principle of reducing the competition just, to propose that some of the private merchants should withdraw, in order to be served by the Company, rather than that the Company should withdraw, to become dependent on them; yet Mr. Rickards points solely to the latter; because, according to him, the Company's purchases is one of the causes of the "monopoly price;" it being manifest, he says, that "their agents go into the market backed with all the influence and authority of office, and the knowledge of a competitor in the market, who must at all events be served, is only calculated to make sellers hold back, until their demands, perhaps exorbitant, be fulfilled."

20. Now, if the charge had been, that the Company's agents had by power and influence obliged the owners to sell cotton to them, whether they were willing or not, that they got the commodity at a less price than the usual rate of the market, or than the owners were content to sell it at; or had not permitted other purchasers to come into the market, or had forcibly taken from them any article they had bought there, would at least have appeared a consistency between the alledged cause and the alledged effect; but what is the thing complained of? it is excessive price, and that price produced by the Company; but is force or influence necessary to induce a seller to take the highest or even the fair price of the market for his commodity? The effect of force and influence, properly so called, must be to depress produce and competition and high prices; but here another complaint is, that competition is too great, which is the sure consequence of great demand and a free market. In such a demand, and such a market, the best price and largest capital give the only power and influence,

influence, excepting the confidence which we believe the Company have established from general honour in their commercial dealings. Under such circumstances, what is the meaning of the knowledge of a competitor in the market, who must at all events be served. From the connection in which this passage stands, and its general aspect, it might seem that it alluded to force; but from the scope of the complaint, it can only import, that the known ability and determination of the Company to buy, must have the effect of raising the price. But so in its degree must the price fall of every other competitor in such a market. Mr. Rickards himself admits, "that there is no other real, ostensible, or even assigned cause for the high price, than the too urgent competition of the buyers." Any merchant however among those competitors would revolt at an attempt to restrict him in the use he should make of his capital; and may not the Company expect the same privilege as other merchants in a discretionary use of theirs? Yet this is opposed sometimes in the way of direct argument, and as it is here, by representing the influence of capital and character as the influence and authority of office.

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21. Objections, early derived from the very peculiar constitution of the Company, which has connected territorial dominion with commerce, have continued to be represented in a state of things extremely different from that under which they were first advanced, and the principles of political economy have been alledged in their support. The just application of general principles, even where they are well understood, is known to be a matter of difficulty. That science, which is itself very much built on fact and experience, may be supposed yet capable of improvement by further knowledge; and the constitution and system of the Company, instead of being judged by principles adopted before any sufficient experience was acquired of the effects of such a constitution and system, may afford new and useful data for enlarging the boundaries of the science.

22. In the course of the last twenty-five years, a legislative code in many essential respects new, has been formed by the Company, for their territories in India. Let that body of regulations be consulted, both as to the matter and tenor of them, and as to their practical effects, in order to determine whether they have been formed under the influence of a commercial spirit, or dictated by enlarged and true principles of policy and government; having for their grand object the welfare of the whole community, and every class of it. Certain commercial factories and prescriptive commercial rights, were long enjoyed by the Company, under the native sovereigns in India. These have been indeed retained, but under such modifications and regulations as not to interfere with the general trade of the country, or the interest of those whom the Company employ; and further than to secure the right to advances and performance of engagements to which every private trader is entitled, no authority is allowed. Force and compulsion, as far as we understand and intend, are not used either to carry on the commerce of the Company, or obstruct that of other persons. And, as already intimated, in such a state of society as the great continent of India presents, where, from old inveterate habits, there is a disposition in every native, whether a trader or of any other class, to oppress those inferior to him with whom he has to act; the general example of fair dealing and punctuality to engagements, which the commercial branch of the Company's affairs has exhibited, may be beneficial to the people, and rather lead them to improved notions of commerce, which among such a people, and where the subordinate details of administration must be trusted to natives, can never be well learned, while the moral habits are so corrupt. In fact, as the great objection against the Company, founded in the idea of their uniting the contracted selfish spirit of traffic with the character of a sovereign, and using the latter to serve the views of the former, proceeds in the first place upon a supposition that no liberal just views in matters of government, are consistent with commercial pursuits, a supposition which the experience of this country sufficiently contradicts, so the large system of commerce which the Company have conducted in India since their acquisition of territory, may serve to shew that it is possible for Government to manage a commercial department, without abandoning either the principles of government, or those of commerce.

23. That at present our Government employs no force to carry on the commercial pursuits of the Company, or to hinder any individual from buying and selling, and that no unfair influence is exercised in their commercial affairs, we take to be perfectly established, because otherwise, we cannot doubt that particular instances would have been pointed out. Theorists hostile to the Company, object to the union of the commercial character with that of sovereign, from the nature of the thing assuming that it must produce ill effects; practical men like the two mercantile houses in question, availing themselves of this prejudice, advance the same objection as if the actual bad consequences of this union were known and indisputable; but those houses give no particular fact, and we cannot help expressing our surprise, that you should have passed over such assertions as they have advanced, which indeed extremely implicate your own conduct, without calling for explanations and animadverting on the most unbecoming terms in which they are delivered. But if we have reason to complain of the unfairness with which the combination of government and commerce in the system of the Company is used by those whose prejudices or interests are in opposition to the Company, what shall we say of a servant of our own, a member of our Government placed by us in a confidential and honourable situation, who lends his influence to confirm the prejudices just mentioned. If indeed, the union of the commercial with the political character had been productive of inconveniences, was it the province of Mr. Rickards to join the accusers of our system in holding it up to censure. Was there no other mode in which, if he entertained the sentiments he has expressed, he

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might have communicated them to us? Far from wishing to repress free communication, we are desirous to encourage it on all occasions, when becomingly made; but the occasion which Mr. Rickards has used to bring before us his opinion upon a very important subject, is certainly not happily nor respectfully chosen; and we think, that before he entered upon the subject, introduced as it then was, he should have been careful to have proceeded upon solid grounds; but he quotes no fact to shew that what he calls "the heterogeneous union of the commercial and tutelary character," has produced inconveniences and injuries; nor does he seem to know of any; he only "*apprehends* that they cannot fail to ensue;" and on this presumption, coinciding with the evidently hostile accusation of the mercantile houses in question, he arraigns to the world the constitution of the Company, and gives to the opponents of the Company all the weight that can be derived from the opinion and authority of a member of our Government, who thus does us an injury which an open enemy could not inflict, not only unnecessarily, but as we conceive, against the real truth and facts of the case; and all this in support of a speculation which has for its immediate object the private benefit of particular parties; and which militate against the true principles of political economy and of commerce; and as it is also in our opinion contrary to that judgment and that sense of duty and propriety, which ought to have guided the conduct of Mr. Rickards on such an occasion.

24. Upon these grounds, and in consideration of the conduct of Mr. Rickards in the hemp transaction, we feel it impossible to continue our confidence to him in the situation of a Member of our Council; and are therefore under the necessity of removing him, as we hereby do from that office. Upon the same considerations, we remove from our Council Mr. Lechmere, who has concurred with Mr. Rickards in the measures and reasonings in question; but as we understand that his arrival in England may be shortly expected, we do not think it necessary to enlarge further upon his conduct.

25. It being necessary therefore, in consequence of these removals, that we should proceed to a new arrangement for the Bombay Council, we have resolved that the Council shall consist of the following persons; viz. Jonⁿ Duncan, Esq. President and Governor; Lieutenant General the Honourable Jn^o Abercromby, Commander in Chief, and Second in Council; George Brown, Esq. Third in Council; Jn^o Elphinstone, Esq. Fourth in Council; and a Commission of Government, under the Company's Seal, embracing that arrangement, will accordingly be forwarded to you by the extra ship Northampton, now under dispatch.

26. We are aware that Mr. Nathan Crow succeeded to a seat in Council on the 3d November 1809, in consequence of our appointment, from whence he retired on the arrival of General Abercromby, the 25th of the same month. By the orders contained in the 114th paragraph of our Letter of the 27th June 1810, a person, under such circumstances, is not considered as entitled to succeed to Council upon any future vacancy, without a fresh appointment by the Court of Directors. We continue to have the same opinion of the merits of Mr. Crow, which at first induced us to appoint him a provisional Counsellor; but being informed that the state of this Gentleman's health is such as to render him inadequate to the active duties of that important station, we have not included him in the present Commission.

27. With respect to Mr. Rickards, although he has incurred our displeasure in the instances above mentioned, yet, as we entertain a favourable opinion of his abilities in general, we shall not object to his being employed in any situation under your Presidency, to which he may be eligible from his rank in the service.

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Copy of PARAGRAPHS, No. 2 to 8, of a LETTER, in the Revenue Department, from the Governor in Council of *Bombay*, to the Court of Directors, dated 14 October 1808, with Copies of the Papers referred to therein;—and Copy of the Reply of the Court of Directors, under date the 10th of January 1810, to the said Communication.

PROCEEDINGS of the Governor in Council of *Bombay*, on Mr. *Rickards's* Observations on the Revenue System of *India*; and on his Minutes relative to a General Reduction of Expences in the Establishments under the Presidency of *Bombay*.

EXTRACT of REVENUE LETTER from BOMBAY; dated 14th October 1808.

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IN availing ourselves of the eligible opportunity that presents itself, of forwarding our records in this department, by the honourable Company's ship *Wexford*, we have only to submit to the consideration of your honourable Court, in pursuance of the promise made in the 3d paragraph of that dispatch, the minute recorded by our colleague *Thomas Lechmere, Esq.* on the subject of the documents delivered in by *Robert Rickards, Esq.* and our President, in respect to the prevailing Revenue Systems of *India*.

3. Your honourable Court will observe, that on recording Mr. *Lechmere's* minute, we determined, pursuant to the sentiments of the majority of the Board, to avoid making any innovation, without a previous reference to your honourable Court on the system and principles of settlement, for the island of *Salsette*; which having been originally sanctioned by the Supreme Government, has since been approved and confirmed by your honourable Court; this Resolution not, however, extending to such part of that island, as is not under cultivation, and as such occupied by parties to whom a proprietary title has been announced, our preceding determination was accordingly qualified under the motives adverted to in our President's remarks of the 8th of July, by a latitude to Mr. *Rickards*, to make trial of his financial system, on those parts of *Salsette* that were thus open to the experiment; in respect to which, we expressed our readiness to concur in such measures, as Mr. *Rickards* might, in confidence with the preceding general exception, suggest for that purpose.

4. And inasmuch as the inhabitants of *Caranja* appeared to have requested Mr. *Rickards's* system of finance to be introduced among them, we intimated to that gentleman, that we were very desirous that he should immediately proceed with the experiment in that island, such as might also tend to facilitate the attainment of Mr. *Rickards's* objects in deeming thereon practicable a further reduction in the charges of collection.

5. Mr. *Rickards* was at the same time invited to bring forward, for our consideration, those reductions of expense on the islands of *Bombay* and *Salsette*, and generally throughout the honourable Company's possessions under this presidency, which had occurred to him to be available, and which the present exigencies render most expedient to realize to the utmost limits of prudence, sound policy, and justice; at the same time, that the Governor has in his remarks of the 7th July, stated his belief that the aggregate charges of revenue establishments under this presidency (however from local circumstances, varying in different collectorships) are already to the full as moderate, or rather more so, than under either of your other presidencies in *India*.

6. Mr. *Rickards* having delivered in a further minute, explaining at length the motives which impel him to decline all management in the proposed reduction of the native establishment on *Salsette*, and the settling of wealthy capitalists on the waste lands of the island, in consideration chiefly to the latitude tendered to him, admitting but of a partial operation

operation to his plan; we beg leave respectfully to refer your honourable Court to that Gentleman's consequent minute, and to a further one delivered in by our President on the occasion, in whose opinion Mr. Lechmere entirely concurs.

7th. We take this occasion to inform your honourable Court, that we have under consideration, several applications from wealthy inhabitants of Bombay, to become landed proprietors on Salsette, on the same principles and conditions as had been conceded before Mr. Rickards' arrival to Ardasher Dady; but as the several applications have not yet been matured and finally arranged, we refrain from entering into particulars by the present dispatch, the more especially as the general subject will soon be brought again under your consideration, in a fuller point of view; and meanwhile, we beg leave to refer to the minutes; the present slight notice of the contents of which, are to be viewed as merely indicative of the outline of the course in which this important subject has been hitherto conducted.

8. Duplicates of Mr. Rickards, and of the Governor's first minutes on the subject, (the originals of which were sent on the 9th of July last, by His Majesty's ship *St. Fiorenzo*), accompanying this.

EXTRACT BOMBAY REVENUE CONSULTATIONS, 9th July 1808.

THE Governor delivers in for record, the following Letter, and Papers accompanying, which, having been addressed to Government by Mr. Rickards, previously to that Gentleman's taking his seat in Council, have since remained with the Resident, under the circumstances hereafter noticed.

Honourable Sir,

I take the liberty of laying before you a few remarks on the subject of Taxation in general, and of the prevailing Revenue Systems of India; which I respectfully hope may appear to you, as well as to the Honourable Court of Directors, to merit consideration, in view to the future prosperity of this country.

If I conceive that prosperity to be incapable of any considerable permanent increase, under the system of land taxation now in force, I have, in advancing that opinion, cautiously endeavoured to avoid, as I should be much concerned in, giving the slightest offence.

With some experience in the revenue administration of India, and actuated by no motive but that of the public good, I hope to be exempt from the charge of arrogance or inconsiderate presumption: an humble opinion can, at all events, do no harm; and calm discussion and sober investigation are, in all speculative questions, the only sure road to the attainment or confirmation of truth.

In the Essay now submitted, I have applied the principles with which I am impressed in the form of an arrangement for Salsette, where, if approved, a trial may be made without risk of the least particle of loss to the honourable Company; and where proofs will soon be given, from the peculiar situation of the island, of the merit or demerit of the theory adduced. Failure in Salsette must determine its inapplicability to other parts of India; while success may perhaps sanction the more general adoption of the same principles; and though the same degree of success cannot be expected to follow the general introduction of such a system every where, since the progress of improvement in all great countries must be gradual, and slow; yet unequivocal proofs of their efficacy in one favoured spot, are reasonable grounds for anticipating similar consequences in others, as the course of industry and wealth shall gradually, yet similarly, be extended to them: if, in short, the principles are proved to be good, they may be considered as the ground-work of great and extensive prosperity, which, it is humbly apprehended, is not a constituent feature of our present revenue systems.

Should any thing urged in these sheets induce you, Sir, to make the proposed experiment in Salsette, permit me to beg your particular attention to that part of the plan, which suggests the immediate construction of reservoirs, and points out the practicable saving in the native establishments.

The advantages of the former are too manifest to need further comment, whilst of the latter it may be observed, that under a plan of revenue so simple as the one I have recommended, it is by no means improbable but the establishments may admit of still further reduction; but if only the same principle of collection be extended to the other collectorships under this Government, there may be anticipated an annual saving of considerable amount, (as exhibited in Voucher, No. 9,) since, from actual experience of the sufficiency of such an establishment for realizing revenue, even on the old system, with perfect security, I cannot for a moment doubt, but that, with the good will of the collectors, it might be every where, and advantageously, acted upon.

In the preceding arrangements I had intended to include the island of Bombay; but finding the whole system, which has been long in force here, so complicated; the nature of landed tenures so uncertain, yet so important to be accurately known; and much other matter requiring deep and probably long research, satisfactorily to elucidate, I thought it better

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better to compress all that related to this particular island into another separate treatise; and I shall accordingly continue my inquiries in this view, if it meet the approbation of Government.

As Bombay, Salfette, and Caranjah, with the subordinate smaller islands, only constitute one collectorship, and that by no means an extensive one, there is certainly no reason why one cutcherry under the collector should not be sufficient for the duties thereof.

In the present plan, I have therefore declined framing the necessary establishment for this cutcherry, until the Bombay arrangements should be completed; but I still trust there are sufficient data given to judge, with accuracy, of the annual saving in that part of the collectorship treated of, and which, in Salfette and Caranjah, will be about 20,000 rupees per annum, or more than two-thirds of the present amount.

It will not escape the observation of the honourable Board, that the accompanying petitions from Salfette and Caranjah, contain many representations beyond those adverted to in the essay, and which may require local adjustment previous to the adoption of any arrangement, whatever it be, for the permanent administration of these islands.

Among other requests, the inhabitants of Caranjah have particularly solicited the introduction of the system here recommended. It was explained to, and fully understood by them; but it has not been communicated to those of Salfette; though, from the frequent and detailed discussions I have had with men of influence and property connected with Salfette, I have reason to be assured it would prove equally acceptable to the inhabitants of that island.

I must finally apologize for any errors that may be discovered in the accompanying treatise. It has been only begun since my late arrival in India, and necessarily finished in more haste than is perhaps consistent with the importance of so grave a subject. Still, if the principles are good, trifling omissions or oversights may be pardoned, and however fond the supposed partialities of a man for his own productions, I shall be amply satisfied, if this only leads, in abler hands, to the ascertainment of truth.

I have the honour to be, &c.

(Signed)

R. RICKARDS.

Bombay,
24th Sept. 1807.

ESSAY ON TAXATION:

Containing Principles attempted to be deduced from the Laws of Nature, and applied to the Revenue System of India, with Proposals for an experimental Amendment on the Islands of Salfette and Caranja; and a Plan of Collection, on simple principles, by which the Revenue Charges (exclusive of European Allowances) on those Islands, are capable of reduction in at least two-thirds of their present amount.

1. IN the different branches of science and art, theories, or first principles, seem to be universally useful; they are often, indeed, derided and placed in disadvantageous comparison with the superior utility of practice; and bad theories deserve it; but it must be recollected, that all practice has its appropriate theory; the pupil, or apprentice, equally imbibe the first principles of their profession or art, as they advance in habits of experimental skill; and in all observations wherein the mind is concerned, that execution is most perfect where good theory and good practice are combined.

2. A celebrated modern author has observed, that there is no science in which first principles are more necessary than in that of political economy. There is, perhaps, none where established maxims are in execution, so often neglected. In civil government, the road to permanent prosperity is, like the ascent to the temple of virtue, strewn with many difficulties, and many temptations to stray: the mind is dazzled with a view of advantages, which a slight deviation from the prescribed track seems capable of attaining; they are greedily grasped at by the hand of misguided political zeal, on the plausible pretence of public good; and in the disappointment, or accumulated difficulties which ensue, we might usefully learn, were not prejudice predominant, that durable prosperity is only to be found in the ways of eternal justice; that perseverance therein is indispensable at whatever temporary sacrifice or forbearance it may require; and that deviations, under the fallacious hope of collateral benefits, are often ruinous, or at best yield but partial good, at the heavy loss of a disproportionate degree of lasting evil.

3. The envious desire of exclusive advantage, coveted at the expense of strict justice, perhaps of a neighbour's right, would seem to be the foundation of that system of rivalry and intrigue, in which courts and ministers so vainly aspire to excel: diplomatic skill degenerates into artifice and cunning; and custom throws the veil of sufferance over the most unrighteous acts; when these fail, violence is resorted to, and then follows the greatest of all political evils—the scourge of horrid war.

4. How often too is the pretended honour of a nation, like that of a duellist, made to consist in blood and ruin; revenge is the moving cause; established principles are disregarded; and honour and benefit perversely sought in the *indulgence*, rather than in the *controul*, of the most odious passions.

5. To a similar deviation from the broad path of justice and forbearance, to the indulgence, in fact, of passion, at the expense of reason, may also be ascribed most of the internal disorders

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disorders of all political institutions. The avarice, the vanity, and sometimes the severity of power, establish, between a state and its subjects, two distinct interests, which, in view to national prosperity, ought ever to be inseparably united.

6. It is thus that power may be said to involve itself both in foreign broils and domestic difficulties, tempted by the flattering suggestions of human craft to forsake the unerring maxims of infinite wisdom.

7. There are sundry points in the science of political economy, concerning which the learned are still at variance, and on which, therefore, it would be presumptuous in an humble individual to intrude an unlearned opinion; but there are others so obviously right, that we cannot be wrong in their assumption; the only difficulty lies in their due adaptation to the state of things in this country.

8. Nature is the ground-work of all science; and it is from the laws of nature alone, or the revealed will of God, that we can hope to derive principles of infallible excellence. If, therefore, we can discover those laws, by which nature regulates her societies on earth, no man will surely presume to deny the policy, or even the necessity of their adoption, or to think the expedients or ingenuity of his own fallible reason a better guide; and the constitution of the human mind, its natural powers, and its passions, bear so strong a similitude in all countries, that the same immutable laws of nature may be found equally efficacious, and equally prevalent among all the various races of civilized life.

9. It is generally admitted, that one of the most universal laws on which the fabric of human society is formed, is that of self-love. It pervades the whole race of man, and even the virtues and energies of the mind are attributed to this source. We do good because it is a gratification to ourselves, or because we expect benefits in return; we labour to supply the wants, or promote the conveniences and luxuries of others, because we are ourselves benefited by the exertion, in fortune, or in fame, self-love, or self-interest, in here the fundamental source of good to every branch of the society, and self-interest is only a modification of the same.

Orig.

10. To give greater force and efficacy to this radical principle of human society, nature, all-wise and all-consistent, has implanted in man a corresponding motive to action, in which the human is found essentially to differ from the rest of animal creation. Every animal in nature besides, has no wants but what its own power can supply. Man alone (excepting perhaps the lowest savage) is a purely dependent being; he is unable to supply the hundredth, nay, the thousandth part of his own wants; and whilst labouring, within a limited sphere, to furnish those of others, thousands and ten thousands are similarly employed to contribute to his own. Civilized man thus owes the enjoyments and comforts of life to the assistance of his fellows: it is a common cause, in which the wants of all call forth the exertions of all; and each finds his own advantage in conducing to the general demand.

11. Self-interest is therefore the law of nature, which prompts to this universal labour, for the benefit and use of others; and the natural dependence of man, or in other words, those numerous wants which others only can supply, give activity to the passion, and call it into full exertion. The extent of these wants is therefore the measure of public prosperity in every society; for it is the profitable supply thereof, that occasions the prosperity of individuals, and what is public prosperity but that of every individual combined.

12. Self-love or self-interest, is now displayed in the garb of universal industry; profit, or as before observed, the profitable supply of men's wants, is its only natural stimulus, and the general good of the whole community is the natural result. To restrain these wants, or to share too deeply in the profits of industry, are consequently impolitic acts of power, from being evident counteractions of those very laws, by which alone society can be expected to prosper: and we accordingly find those states to be most remarkable for internal wealth and strength, for the general spread of the comforts of life among all classes of the community, where the laws on which industry and profit are founded, are allowed to operate with the greatest efficacy and freedom.

13. Look, on the other hand, to the state of our Indian possessions; and with the exception of our chief commercial towns, and some few other favoured spots, we are presented with a view of what, comparatively speaking, may be called universal poverty, in one of the finest countries of the world; and the cause does not appear to me to be hid in impenetrable obscurity. Agriculture being, more especially in extensive and fertile continents, the most natural employment of man, is here productive of at most but little profit: the actual annual produce of the soil is taxed, on the principle of Government being entitled to one-half of that produce; or in cases where the lands are made over in proprietary right to individuals, to upwards of eight-tenths of the net rent of such states. The rate of this tax is enormous, compared with that of any known flourishing country; and it is aggravated in very many instances by the exactions of native servants: it is laid on the immediate employments, and shares in the immediate profits of industry, and also falls directly on the most important of the necessaries of life, all and each of which, are serious political evils.

14. But were the superfluous produce of agriculture, or the major part thereof, left in the hands of those who raised it, it is easy to conceive how it would set in motion mechanical industry, for the supply of wants which every possessor of this superfluity would then naturally feel, and by distribution among the various workmen in trades and professions, contribute to
encrease

increase the comforts and the wealth of every part of the society; for, when the possessors and cultivators of land realize wealth, to be expended in the gratification of wants and wishes, mechanics, &c. by the supply of those wants, increase in wealth and numbers also, so as to require (in addition to the wealthy, idle consumer of every society) more and more of the produce of their own, as well as of agricultural labour; the increasing funds on both sides occasion a mutually increasing demand.

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15. But where the major part of this superfluous produce (or, which is the same thing, the proceeds thereof) is absorbed in a government tax, and then expended in purposes foreign to the support and encouragement of industry, it is equally clear that the wants of society can neither increase, nor the funds from which they originate.

16. Let us conceive, for example, the effect of a heavy land-tax, raised to support a large standing army in a country of no commerce, such a tax as the one under discussion, viz. half the gross produce of lands, or 8-10ths of the rent of estates, can only be supposed at best to leave a bare maintenance to the payers; their means of supporting labour and mechanical industry must therefore be very limited. Conceive next, the distribution of this tax among the component members of the army, who are all idle consumers, or persons not engaged in lucrative employments: here also it only affords a bare maintenance. In this progress of the limited circulating wealth of a country, there are no visible grounds of augmentation or improvement of any thing, there is no increasing fund for the support of industry; no more food required in one year than the preceding, no greater supplies of the necessaries and comforts of life; all is stationary, because all are equally poor; a people having attained the limit of its food, may thus exist from year to year, but can never advance in durable prosperity.

17. Now, if a capital does by its employment, say, for example, in one year, produce a greater fund for the re-employment in the next year, of a greater quantity of labour to that originally employed, the industry of a country is manifestly advancing: if it re-produces an equal fund, industry is stationary; but if it re-produces a lesser fund, i. e. a fund only equal to the employment of a lesser number of labourers, artificers, &c. than before, the industry and prosperity of a country are manifestly declining.

18. In India however, the circulating agricultural capital can only be said, in the present state of the country and under the system of taxation above specified, to re-produce at best in each succeeding year, but an *equal* fund, whence it may reasonably be concluded that our industry is *stationary*, and our population and our poverty also: and the immoderate wants of Government, under such circumstances, may be feared to be more likely to cast the body politic into incurable decline, than their paternal care to advance it to a state of growing vigour.

19. On this part of the subject it would be unnecessary to enlarge, did not the systems and local practice of India leave reason to suppose, that in fixing the amount of a tax contributable by any people, it was deemed immaterial from what source it were levied, or on what funds it were assessed, whether on consumption, profits, lands, &c. &c. since, in all or either case, the people were only required to pay a fixed revenue, and no more.

20. In opposition to this opinion, the illustrious Dr. Smith would teach, that all taxes should, in the first instance, be equal; that is, contributed in proportion to men's abilities, and ought therefore equally to affect *rent, profit, and wages*, the only source of revenue to individuals. If they fall on *one* only of three sorts of revenue, they are unequal, and therefore oppressive.

21. Secondly; They ought to be certain, not arbitrary; that is, clearly and plainly defined, so that the payer of the tax may know exactly what he has to contribute. The uncertainty of taxation encourages the insolence and *favours the corruption of tax-gatherers* (and no country has experienced this effect more sensibly than India), whence Dr. Smith conceives, that even a considerable degree of inequality is not so great an evil as uncertainty.

22. Thirdly; Taxes should be so contrived as to take as little as possible out of the pockets of the people, over and above what is paid into the public treasury. A great number of officers, whose salaries may eat up a great part of the tax, and whose perquisites may impose another additional tax on the people, are bad.

23. No man acquainted with an Indian system, and the number of native servants which so complicated a system requires, will need any comment to feel the full force of this maxim, as applicable to our Eastern possessions.

24. Fourthly; Taxes, and particularly high ones on the necessaries of life, are objectionable; and all taxes generally, "*which obstruct the industry of the people, and discourage them from applying to certain branches of business, which might give maintenance and employment to great multitudes.*"

25. Can any *obstruction* or *discouragement* be more effectual, than a tax which absorbs a lion's share of the profits of industry, as soon as ever individual labour shall have acquired them?

26. Fifthly; Taxes on consumable goods, particularly luxuries, are probably the least oppressive, because they are naturally, and without the interference of inquisitors and assessors, proportioned to the means of a consumer, paid in a manner most convenient to him, by little and little, as he buys goods; and he is left to buy, or not to buy, as he pleases.

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27. The tax, moreover, which is paid on the price of a commodity, is seldom adverted to, and it constitutes no part of a man's view of his profits: he labours with the cheering prospect before him of *indefinite* advantage, therefore with every possible incitement to the exertion of human industry, and with the further privilege of exercising his own free-will in the purchase, or otherwise, of the taxed commodity, according as he may find himself possessed of the means of gratifying his wants.

28. In applying these maxims, and subjoined remarks, to the rate of land-taxation in India, it will not be requisite to say much on that which takes, under the permanent settlement, *upwards of eight-tenths of the annual net rent of estates as the share of Government*. The tax, I imagine, speaks for itself, and is surely an evident violation of the preceding principles; from its inequality, its amount, and the particular effects of "destruction" and "discouragement," it is likely to perpetuate. The plea of waste lands being attached to each estate, which the proprietor may cultivate free of further tax, is, I humbly apprehend, illusory; for waste lands require capital to bring into a state of cultivation, whose produce, moreover, is, until tried, always doubtful; and to cultivate on borrowed capital, therefore, precarious. Whence then is this capital to originate? not surely from the *generality* of landlords, who already pay upwards of eight-tenths of their profit from the cultivated part of their estates. A few rich individuals may extend their cultivation; or a portion of commercial capital, in the vicinity of towns, may be partially applied to this purpose; but it is very difficult to discover in this system, the seeds of *any great degree* of improvement, or how agriculture is to become a productive source of *general* wealth.

29. Want of effectual demand for the superfluous produce of such waste lands is another and insuperable bar to their cultivation: when the other branches of a community are too poor, or too limited to consume this superfluous produce, agriculturists would only raise it to their own loss; and this loss would be inevitable, if foreign demand were at the same time fully supplied.

30. The land-tax in England, though nominally four shillings, varies in different districts, from four shillings to one shilling in the pound, and in some less; and this is calculated on a very moderate value of estates, framed in 1692, in the reign of King William III.

31. But even this tax is not free from complaint, as well in respect to amount as to the mode of assessment, and the partial distribution thereof, in each subdivision or district; and of late years, or in 1798, it was rendered subject to redemption and purchase, under the avowed view, as stated in the preamble of the Act, of "*strengthening and supporting the public credit, and augmenting the nation's resources*."

32. The land-tax, or contribution, (*foncière*), in France, is stated in their own reports, to have been universally complained of as heavy, and to have fallen very unequally, although only a professed fifth of the net produce. Indeed, the evil of inequality would seem to be incident to every system of land-taxation that professes to levy a specific portion of actual produce, *from the very great difficulty, if not total impossibility, of correctly ascertaining or fixing its amount or value for any length of time together*. In very light taxes this inequality may not be much felt or complained of; but in heavy ones it can hardly fail, I apprehend, to fall with the weight of oppression on a considerable part of the agricultural community.

33. In the ancient dominions of the King of Prussia, the land tax is said to be assessed at the rate of 20, 25, 38, 33, 40, 45, and 50 per cent. of the revenue of proprietors, according to their different ranks or privileges, and this country is consequently far behind England in point of prosperity.

34. In Arthur Young's account of Lombardy, a very minute detail is given of the gross produce, rent, and taxation of land.

$3\frac{1}{2}$ pertiche are
stated to be equal
to an English acre.
20 soldi, one livre.

35. Taking 100 pertiche in the Milanese, he states its gross produce in corn, wine, and silk, at 1836 livres, of which the proprietor's net share is 785 livres, exclusive of tax. Land of this rent and value pays censimento (tax) $15\frac{1}{2}$ foldi per pertica, or 77 livres on the hundred. The tax is paid by the farmer; but, if it were not, it would form part of the landlord's share, making this latter 862 livres. The tax, therefore, to the proprietor is 77 livres, on 862 livres, which is $8\frac{3}{8}\frac{1}{2}$ or £.8. 18s. per cent. or 1s. 9d. in the pound.

36. Only half this contribution of 77 livres goes to the Sovereign, the other half is retained for roads, bridges, and other parochial charges, and, in some cases, the partial support of the cures is included.

37. "But (as Mr. Young adds,) though the burden is nothing compared with those which 'crush us,' (alluding to the land-tax, tithe, and poor-rates, all of which he estimated equal to 8s. or 10s. in the pound,) 'in England, yet 1s. 9d. in the pound is too heavy a land-tax; it is throwing too great a burden upon landed property, and lessening too much the profit which should arise from investing capitals in it. Were 8 3-fourths per cent. to be laid on new investments, not one livre would be invested.'"

38. If Mr. Young, a man of the first experience in matters of this nature, deems this tax a heavy burden, what would he think of one nearly ten times its weight.

39. On the lands above described (which are also said not to be rich) there seems to have been laid a capitation tax equal to about $22\frac{1}{2}$ livres the 100 pertica.

40. Watered

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40. *Watered* dairy lands, yielding a net rent to the landlord of 10 livres per pertica, and two livres five soldi, as censimento or tax; this latter equals $18\frac{2}{3}$ per cent. or 3s. 8d. in the pound. In other parts he found the tax equal to 12 per cent. or 2s. 4d. in the pound.

41. Throughout the whole Duchy of Milan, the land tax is computed at something less than one livre per pertica, which according to Mr. Young's given admeasurement of the pertica, may be said to make in English money and measure, about 2s. per acre (supposing the livre $8\frac{1}{2}$ d. English) or about 1s. 9d. per acre, supposing it $7\frac{1}{2}$ d.*

42. In the ecclesiastical state of Bologna, the land tax is computed at only 2d. the English acre.

43. In Parma at about 9d. per acre,† and in Modena, the common calculation is, that *all taxes whatever*, only equal a fifth of the gross produce of land.

44. In Tuscany the land tax is in many places redeemed. That part of it which is paid to communities for roads, &c. and is not thus redeemable, amounts to more than one-tenth of the net rent. From the general tenor of Mr. Young's observations, I should conclude, therefore, the whole of the land-tax, previous to redemption, to have been one-fifth of the net rent.

45. Numerous other examples might be produced; but these perhaps are sufficient; all these rates are much lower than the one adopted in India. Indeed, I believe we can find no other country in the world, under the rule of an enlightened government, whose lands are subject to so heavy an imposition.

46. With regard to our other tax, as referrible to the actual produce of the lands, and purporting to be *one half of that produce*, it may be briefly observed, that Dr. Davenant states the land-rents of England, generally, to be to the gross produce as nine to twenty-one, or three-sevenths, and the rents of corn-lands (which are the chief fund of taxation in India) as two-ninths only of the produce.

47. Dr. Smith (a later writer) says, that "in the present state of Europe, the share of the landlord seldom exceeds a third, sometimes not a fourth of the whole produce of the land."—It is therefore very clear, that in Europe, were there no landlords in the way, the lands generally could never pay a tax to the state of half produce.

48. In China, the land-tax is said to consist of one-tenth of the produce. Even under the Mahomedan governments in Bengal, it is only said to have been a fourth or fifth of the produce; in ancient Egypt the same. In the province of Malabar, a mode of assessing lands from time immemorial, has been discovered, whereby the rents to proprietors are estimated according to the fertility of different soils, and as these are exceedingly rich in Malabar, an average of the whole, according to a table thereof framed in the year 1803, gives about a third of the produce generally as the proprietor's share.

49. But it may be safely alledged, on the grounds of experience, that though some lands may be sufficiently rich to yield half their produce to a landlord or government, the other half being sufficient to defray the charges and reasonable profits of cultivation, yet this is not the case generally; in the majority of lands it will require from six to eight tenths of the produce, and sometimes more, to defray the charges and profits abovementioned; and it thence follows, that a tax, regularly and correctly assessed at half the actual produce of lands, would not leave to the inhabitants of any extensive country under heaven, a sufficiency to subsist on.

50. The system of *metayage* or letting out lands at half, which is often a third or fourth of the produce, prevailed in France, and in some parts of Italy; as far as regards the division of produce, its analogy to the Indian system is striking, and like that too, it has been every where observed by agricultural travellers and writers, (vide Mons. Turgot, Mr. Arthur Young, &c.) to be attended with wretched poverty and distress to the cultivators of the soil.

51. But there was a public tax under the ancient government of France, similar, in many respects to the one here treated of, both in its nature and operation, though not so exorbitant in its amount; the *taille* was properly a land tax, chiefly laid on farmers, or the actual cultivators of the soil; in some districts it was assessed on the value of lands held in perpetuity by ignoble tenures, but in others (and I believe most generally) on the supposed profits of those employed in agriculture, both of which were *in their effect* ‡ similar to the Indian assessment, more especially in the important circumstance of direct interference, and sharing too deeply in the first fruits of agricultural industry; for it bore a heavy proportion to the actual produce of lands; like the Indian tax it professed to be an assessment proportioned to the

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* N. B. Mr. Young attaches both these values to the livre of Lombardy.

† It is a common rule in Salsette to estimate the average produce of a begah of land at one morah of Batty; a begah is about three-fourths of an acre. The morah of Batty is rated at 20 rupees, one-third of which is the Government share, or somewhat less than seven rupees per begah. At this rate even the reduced land-tax on Salsette would average *upwards of a guinea per acre*.

‡ The profit of agriculture arises out of the produce, whence a tax on the profits and a tax on the produce are pretty nearly the same thing; a certain portion must always be allowed for the expences of cultivation; whence the net produce, which is the profit, is in fact the only taxable fund.

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the real abilities of districts to pay; and, like that too, it was liable not only to the ignorance and misinformation, but the partialities, private resentments, and prejudices of assessors. These are evils incident to every assessment of this nature; it is utterly impossible, and has been found so in all countries, to make an accurate survey, which requires years to accomplish, of the produce of lands, which is yearly varying. Irregularity and uncertainty, involuntary error, and wilful fraud; oppression on the one hand, and corruption on the other, are therefore the invariable characteristic marks of such a system of taxation, and no country presents a more accurate proof than India, of the melancholy existence of *these effects*.

52. Dr. Smith, in speaking of the effects of the *taille*, draws a picture so strikingly applicable to very many Indian districts, and their state of agriculture, that I shall here subjoin it. In the countries, where, "the personal *taille* takes place, the farmer is commonly assessed in proportion to the stock which he appears to employ in cultivation. He is upon this account, frequently afraid to have a good team of horses or oxen, but endeavours to cultivate with the meanest and most wretched instruments of husbandry that he can; such is his distrust in the justice of his assessors, that he counterfeits poverty, and wishes to appear scarce able to pay any thing, for fear of being obliged to pay too much. By this miserable policy, he does not, perhaps, always consult his own interest in the most effectual manner, and he probably loses more by the diminution of his produce than he saves by that of his tax. The public, the farmer, the landlord, all suffer more or less, by this degraded cultivation. *That the personal taille tends in many different ways to discourage cultivation, and consequently to dry up the principal source of the wealth of every great country*, I have already had occasion to observe," &c.

53. Mr. Arthur Young remarks, on the same tax:—"One would naturally have supposed, from the gross abuses and cruelty of this method of taxation, that the object in view was as much to keep the people poor, as to make the king rich. As the *taille* was professedly levied in a proportion to every one's substance, it had the mischievous effect of all equal land taxes, when levied even with honesty, for a *farmer's profit*, his success, his merit was taxed exactly in proportion to the quantum, a sure method of putting a period to the existence of either profit, success, or merit. The farmers are really poor, or apparently poor; since a rich man will affect poverty to escape the arbitrary use of a tax, which professes to be in proportion to his power of bearing it."

54. The preceding intimation respecting land taxes, I believe to be perfectly just, as I may have occasion, at some future time, more fully to elucidate. Our business here is to reduce a tax deemed exorbitantly high, rather than to discuss the merits and operation of land taxes generally.

55. There were other taxes in old France, obstructive of private industry, and therefore, checks to national prosperity, inasmuch that Dr. Smith, in comparing the system of taxation in France and England, shows that England, even then, paid twice as much as France, in comparison to their respective population, though the soil and climate of France, he adds, are better, the country longer in a state of improvement and cultivation, and therefore, better stocked with those things which it requires time to raise and accumulate, such as great towns, convenient well-built houses, &c.

56. These natural advantages, however, were so much more than counterbalanced by the effect of the French system, and its immediate pressure on the pursuits of industry, that Dr. Smith concludes with the remarkable observation, that the people of France, it is generally acknowledged, are much more oppressed with taxes than the people of Great Britain, notwithstanding, as above stated, the French did not, relatively to their population, pay one half as much in aggregate amount.

57. But, if the experience of other countries, and the arguments of our best writers, against a heavy land tax, should still be thought inapplicable to this, let the matter be placed in another point of view, and the merits of the question tried by the calm deductions of reason from positive facts.

58. In Sir John Sinclair's History of the Public Revenue, a curious and interesting circumstance is stated, viz. That from Michaelmas 1787 to Michaelmas 1788, the net produce of the perpetual excise upon malt was £.724,786.; the annual excise £.603,317.; the duties upon beer £.1,666,152., upon British spirits £.509,167., so that barley yielded a clear revenue of £.3,503,422.

59. Now, the whole land-tax of England does not produce annually more than about £.1,900,000., of which no great proportion can be considered as at all referable to the produce of barley lands; but if, according to the Indian principle of laying the whole tax at once on the produce of land, these $3\frac{1}{2}$ millions were attached, in the first instance, to the cultivation of barley, and the people of England were told the tax (like unto the Indian practice) was simplified and fixed for ever at this amount—"You shall have your malt, beer, and spirits free:" Can any man, for a moment, suppose that this cultivation would not be immediately and effectually checked? Would capital be any more employed in a line where profit was at once annihilated, or ought but hungry necessity drive a people, under such circumstances, to the cultivation of their soil?

60. Is it not evident that a first tax on such principles, even though capable of payment, must be oppressive, and obstruct the progress of future improvement? Is it probable the
same

same quantity of malt, beer, and spirits, could ever be brought into being? Is it not evident too, that the aggregate amount, to which the above mentioned taxes thereon are, or might be carried, is by this means utterly incapable of realization? Is it not, in fact, a question between confirmed poverty and abundant wealth? And can we, therefore, hesitate as to the preferability of the systems here contrasted, or, for an instant, doubt that the consolidation of taxes on lands, to the amount, at least, practised in India, has thus a clear and manifest tendency to defeat its own object.

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61. But the system of uniting all the imposts of a country in one single land-tax is the great principle of the French economists, though not carried to so ruinous an excess as in this country. A moderate tax on the "produit net of estates taken from existing accounts, contracts, or leases, and without any pretended reference to the actual produce of the soil," may be entirely unobjectionable. Arthur Young, however, would seem to combat even this principle; and, though he may not be allowed to have successfully confuted it, he yet adduces a remarkable fact, which may be admitted to demonstrate the monstrous impolicy of such a tax as would absorb, like that of India, all, or almost all, the net produce of lands, leaving little or nothing but a bare maintenance to proprietors and cultivators. It shews, I think, satisfactorily that, under a heavy system of divided taxation, wealth may continue to exist, nay, to increase, and to be expended advantageously, whilst, by absorption of the net rent of lands, it is utterly extinguished.

62. After pointing out the supposed error of the French principle in forcible terms, Mr. Young supports his argument with the following example; which is so striking, I shall give it in his own words.

63. "Relative to the utter impossibility of extending land-taxes in England to such a degree as to include all others, I have it in my power to refer to an instance of our taxation most correctly given. I have inserted in the Annals of Agriculture, No. 86, an account of all the taxes I pay for my estate in Suffolk; and in that account it appears that the tract of land which pays me net £.229. 12s. 7d. pays to the burthens of the public £.219. 18s. 5d.; deducting from fifteen millions and a half (the net revenue of Great Britain) those taxes which enter into that sum of £.219. 18s. 5d. there remain ten millions and a half; and as the present land tax, at two millions, burthens me £.40. a year, an additional one of ten millions and a half would consequently lay the further burthen of five and a half times as much, or £.220., that is to say, it would leave me the net receipt of £.9. for the whole clear income of my estate. Perhaps the economists never received directly from facts so convincing a proof as this instance offers, of the utter impracticability of their preposterous schemes."

Vide, A. Young,
Vol. I. p. 592.

64. From the contemplation however of these facts, all I should attempt to deduce is (and the conclusion seems to me inevitable), *that a heavy consolidated tax on the first exertions of any species of industry*, absorbing the whole, or nearly the whole, of its profits, is ruinous and impolitic, from being an effectual bar to the creation of that produce, on which future exertions might be profitably employed; and through the medium of which, individual wealth and public revenue seem capable of being increased to an almost inconceivable extent. A land-tax, more especially of this nature, blasts the very production of that wealth, which industry would otherwise bring into being.

65. It is not intended to be denied that taxes on consumption have their inconveniences and objections; but merely to prove, that a divided system is less ruinous and oppressive in operation, than the enormous consolidated land-taxes discussed in these sheets.

66. The excessive amount of our Indian tax, and the peculiar mode of its operation, by falling on the immediate employments, and sharing in the immediate profits of industry, and of that species of industry the most important to man, the production of food, are therefore evidently so many restraints on the wants of society, and checks to the increase of capital, which in the unobstructed course of nature's laws would universally expand. If however, the necessities of Government will not admit of an immediate reduction of the present taxes, they may, at all events, be removed from those sources where industry is blasted in the bud, to others where their deadening and disheartening influence will, it is hoped, be less severely felt; and some idea in practice of the utility of the change may be formed by a local application of these principles to the island of Salfette.

67. The land revenue of Salfette, as per Abstract (A.), including the angdena or coolery tax, may be stated at rupees 145,850. Though much simplified by Mr. Rivett Camac, it is still drawn from fourteen different sources (exclusive of seven farms) liable to vexatious irregularities; which are, in many instances, accordingly felt and locally complained of, as preventive of extended cultivation and improvements. The main principle of Mr. Camac's system was a consolidation or abolition of many vexatious taxes, and a reduction of the batty revenues from one-half of the produce to a nominal third. The Government of Bombay, actuated by a further humane regard to the interests of the natives, proposed on the preceding principle to grant the tenants of batty lands cowles, making over the said lands to them in proprietary right, subject to the said tax of one-third of the gross produce, in perpetuity; as the cowles contained an objectionable clause, they have only been taken out by a few. The principle, however, has been acted on in the collection of the revenue; and in this respect the people of Salfette are certainly more favoured than our other districts, where the principle of half produce still prevails.

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68. With deference to superior judgment, it is nevertheless humbly submitted, whether a tax, absorbing one-third of the gross produce of land, is not higher than the landlord of an estate ought in sound policy to pay in perpetuity? Whether, as the other numerous taxes are still continued, the same complicated system of revenue will not be perpetuated, liable to the same restraints on the inhabitants, *and the same vexatious interference and exactions of native servants*; and whether, in short, the present cowles go the full length of that encouragement, which, according to the best established and most generally admitted principles of political economy, ought to be granted to the pursuits of industry?

69. If these be answered in the negative, I would next humbly suggest, as well with a view to more effectual relief from high taxation, and the interference and exactions of native servants, as to the complete simplification of the revenue system.

B. on G.

70. First.—That all the various land-taxes now in force be consolidated into one general tax, and wholly transferred from the lands and their produce *to the houses*, which, according to the accompanying population tables, are about 11,500 in number; each house to pay at a certain proportionate rate, to be hereafter fixed in money, which I will myself, with the approbation of Government, settle on the spot; and which, to the present occupiers of land, must necessarily be regulated by the amount of their land-tax, as more fully explained in the accompanying Abstract, A.

71. Let all others now paying tax to Government, have, for the sake of conformity, that tax similarly fixed on their houses.

72. And as shopkeepers, who now pay nothing, may very reasonably be included in the proposed house tax, whatever be levied from this new source may, I should hope, be allowed, in the first instance, to be set against a corresponding deduction in the amount of the tax on the occupiers of land, and the more especially, as the Company are throughout the whole of the plan effectually guarded against loss.

* Note—Angdina
is a kind of Cspita-
tion or Body Tax.

73. The coolies, who now pay * Angdina, are so well off, in comparison with their neighbours, that it is imagined no deduction of their tax, after being fixed on their houses, will be found necessary, at all events not immediately.

74. The tax thus fixed on each house respectively, may be painted thereon in large letters or figures, as the only, or rather utmost tax to be for ever afterwards demanded thereon. The lands having been previously made the private property of the present occupants, free of all expense for cowls, &c. may then be declared by solemn proclamation to be for ever free from all tax; the produce, whether of those now in cultivation, or to be hereafter cultivated, to be wholly and entirely at the disposal of each proprietor, subject only to sale of the said lands (not their produce) by public outcry for arrears of house-tax, in case of necessity; *and to be wholly exempt from every other species of interference on the part of the officers of government.*

75. Secondly.—Let proclamation be also made, that waste lands will be granted in proprietary right to any extent that may be demanded or applied for, on condition of immediate cultivation, and under the same solemn engagement of being equally *free from all tax for ever*, except the relatively small one, which may be now paid, where there are productive trees.

Orig.

76. Thirdly.—As capitalists and men of property may be expected to take lands on these conditions, the object should be encouraged by further proclaiming, that no house-tax will be collected from new settlers cultivating waste lands, for the first fifteen or twenty years of their occupancy, and that at the expiration of that period, they shall only be subject to the same house-tax as may be in force among the old settlers, and which it is intended to reduce from its present amount, as other unobjectionable sources of equivalent taxation may be discovered to one moderate uniform standard throughout the island. This standard, as more fully explained in the Abstract (A.) it is anticipated, may be ere long fixed at a certain rate, say 5 per cent. ad valorem (or any other Government may in preference decide on), without any reference whatever to the produce of land.

77. But whether or not it be the mode in force generally for houses on the island, at the expiration of the said fifteen or twenty years, as it is the principle to which the plan ultimately tends, it should be applied, to the new houses and new settlers, whenever they become liable to the imposition of the said tax.

78. Fourth.—On the revenue system now in force, if additional batty grounds be desired to be cultivated, or present cultivation to be improved, if dry grains or other products be raised on the high grounds, or more trees planted, neither can be effected without subjecting the speculator to an additional proportionate tax; besides (what may not be always so capable of direct proof) the necessity of certain presents to the local native servants, for permission to undertake the projected improvement, and the probability that the further annual exaction of these servants will be proportionately augmented. There are so many checks to extended cultivation, which the plan endeavours at least to remove; since by confining the land-tax to one source, and fixing it for ever, all the profits of improved or extended cultivation are the proprietor's own, unshared by any one, and the tax is moreover confined to a house, or it may be laid on any other preferable article of dead stock, on which industry is not either constantly or annually employed.

79. There

79. There will also be fewer native servants, as will be seen in the concluding sheets of this essay, to exact the price of their sanction or acquiescence; and the impositions of the remainder may be restrained by transporting such as are convicted of the crime.

80. Fifth.—Another improvement, and one that I believe will be truly acceptable to the inhabitants, is proposed in the plan, as follows: the cowles contain a stipulation, that though the actual amount of tax be fixed for ever, its money value is liable to alteration at the expiration of a certain number of years, to guard against the depreciations which time and circumstances may superinduce in the intrinsic value of the precious metals. This clause is a source of doubt and uncertainty to the inhabitants, who fear lest future governments or collectors may take advantage of the clause, to raise the actual amount of the tax hereafter; and I believe it may be difficult, if not impossible, to eradicate these fears from the number of people wholly ignorant of the principles of money, and long habituated to see increase of revenue, not its diminution, an object of desire and necessity with the state.

81. The house-tax proposed in the plan is, however, intended to be fixed in money, for ever, that is, never to rise; and as the gradual diminution of this particular tax (without loss to the Company) is one of the most important avowed objects of the plan, every depreciation in the value of money, or permanent rise in the value of grain, will then be an actual reduction thereof; whilst Government may always guard themselves from loss, by increasing in proportion the tax on articles of consumption, as for example, in the present customs and forms.

82. But the value of money cannot be supposed to alter much in the course of 20 or 30 years; and it is hoped, that in a much shorter period than this, the tax may be every where reduced to the uniform standard proposed, of a rate ad valorem on houses, and then it is perfectly immaterial, considered in respect to the revenue, how the value of money alters; for a revenue assessed on this principle may be augmented at pleasure and without objection, as the value of money is reduced; another advantage, I apprehend, which the cowles do not possess.

83. Sixth.—The poorer classes, including the more lazy, are now alarmed at the amount of the tax being fixed in its annual amount, lest the produce of their lands in some years be unequal to pay it. Here, however, all uncertainty is removed for ever; the tax is not only limited, never to rise, but on the contrary, subject to gradual reduction; whilst by the cowles it is intended to be continued for ever to be fixed at a high rate, preventive (if these principles be just) of the progress of improvement.

84. As the lands, under these circumstances, will be more valuable to their possessors, the produce being all their own, and the tax ever lessening, either positively or relatively in amount, an arrear need occasion no alarm, for money might be more easily raised, by mortgage on lands so circumstanced, or they would fetch a readier sale; whilst the same motive to their cultivation remains to stimulate the indolent, since it is only from the produce of their lands, that the proposed house-tax can be expected to be discharged.

85. The cowles stipulate for the seizure of lands, and all the goods and chattels of every defaulter for arrear of revenue. The plan confines it to the *lands alone*; the one might reduce an unfortunate sufferer to desperate and helpless poverty; the other, with adequate security for the public revenue, leaves the means of temporary maintenance, till other employments offer.

86. Seventh.—The arrack and tobacco farms, particularly the former, are at present sources of heavy complaint, as may be seen in the accompanying petitions (D & E); on enquiry I find there is some ground for the representation; the price of the arrack does not here altogether fall on the consumer. In the season of cultivation, the proprietor or occupier of land *must* purchase the requisite quantity of arrack for his labourers, for they refuse to work without; so that thus far, it clearly operates as an additional tax on agriculture. With a view therefore, to reconcile the inhabitants to its present price, (which appears to be an object with Government, considered relatively to the morals of the people), I would propose, that in proportion as the revenue from arrack and tobacco increases beyond its present amount, a corresponding deduction be allowed to the old settlers, in the commuted land or house-tax.

87. This may greatly expedite the much wished for reduction of the said tax, which is conceived to be an object of the highest importance and necessity.

88. The other complaints of the inhabitants as to bad liquor and enhanced prices, even beyond that stipulated in the farmer's contract, may easily be obviated by abolishing the present farms, and licencing shops in each village, taxed at so much per diem, which shops will be mutual checks on each other, for if one shopkeeper ill uses the inhabitants, either in the quality or price of the liquor beyond that of his agreement, they have their remedy by dealing with another.

89. A plan on this principle has, I understand, been already carried into effect in Caranja, for the sale of liquor, with good success, and is more satisfactory to the inhabitants than the late farm.

90. Eighth.—In assessing the house tax, a distinction is preserved between the old and new settlers, which it is presumed, is still reconcilable to strict justice; the whole have

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their situation improved by the consolidation, commutation, and gradual diminution of the tax; they are vested with the exclusive property in lands, already in a state of full produce, and therefore justly liable to a heavier tax than the new settlers, who will have to expend capital in the cultivation of waste lands, yielding perhaps, but a slow return, and therefore requiring greater encouragement, whilst the whole tax tends, with the progress of improvement, to ultimate equalization, and will at length be equally light to all, without any intermediate sacrifice on the part of the Company; the lands will then be every where relieved of those burdens which are now conceived to check the progress of universal prosperity, and the great encouragement is in the interim given, as it should be, to those who have the greatest, if not the sole means of promoting it.

91. From a late report of the collector, the waste lands on the islands of Salfette are stated at 1,739 morahs capable, besides 312 morahs incapable of cultivation, i. e. I presume incapable to the present poor and indolent race, total 2,051 morahs or 4,102 beggahs; besides, "*those waste spots situated on the hills,*" which the collector admits to be very capable of cultivation, with some expense, "adding, that a considerable quantity of hemp might be produced therefrom."

92. Although my experience in revenue matters leads me to believe, that *revenue accounts seldom, if ever, are correct statements of landed produce, or of admeasured quantities of land, or ever can be so on our present system*; and knowing, as I do, that pattells who furnish the accounts on Salfette, have a manifest interest in concealing the extent of waste lands, with a view of reserving much more of them than is necessary, for the pasture of their own cattle; yet admitting, in the present instance, that the accounts are nearly correct, there is still a considerable quantity of batty ground admitted to be waste, besides those higher spots above mentioned by the collector, capable of cultivation, and which may perhaps, without exaggeration, be stated to include *one half at least of the surface of the whole island*.

93. Now, it is the whole of these lands, batty and high grounds inclusive, that the plan here suggested, would propose to bring gradually into a state of cultivation, that at last "every nook and corner of Salfette" (as Dr. Scott expresses himself) "may be as eagerly bought up, and secured, as it is in Bombay," but which the very same report proves, I think to be unobtainable under the present checks to agriculture; Dr. Scott's own report is also a further proof of what new settlers might effect on the island, possessing capital, and a disposition to incite the inhabitants to greater labour.

94. Ninth.—If, after all, it be objected that the plan favours the rich at the expence of the poor—the new and wealthy settler at the expence of the impoverished old one—that even an ultimate house tax, ad valorem, will be more felt by the lower than the higher orders, and that these taxes are therefore disproportioned to the respective means of the contributors, I answer:—

95. First.—That the grand object of the plan is ultimately to reduce all to the same uniform system of moderate taxation, *without subjecting the Company to any intermediate loss in the amount of their annual revenue*.

96. Secondly.—That the ultimate house tax will be sufficiently moderate for the meanest labourer to discharge, and must in fact be paid in the amount of his wages, by the richer man, who employs him. And

97. Thirdly.—That, in respect to want of proportion, however plausible at first sight such objections may appear, yet, to estimate them properly, they should be considered in relation to the nature of human society.

98. As providence has been pleased to constitute this world, it is utterly impossible for every member of any large society to be rich; the major part *must necessarily* have no other means of subsistence, than what the different varieties of labour, bodily and mental afford: the object of wealth is the gratification of wants and wishes; labour alone supplies them; and if all were too rich to work, where would be the use even of the largest possessions? Gold and silver are not in themselves either food or cloathing, or capable, without labour, of supplying a single luxury, comfort, or necessary of life. Without labour they are more useless to their possessors than the very soil they tread on. Without labour, wealth, in the common acceptance of the term, would be absolute poverty.

99. It is among the able, the industrious, or the favoured few, that the acquisition of wealth is conducive to the prosperity of society at large; for when acquired, it is infallibly circulated. Its liberal circulation in the employment of labour, is the only natural means of distributing the comforts of life to the inferior classes; and this distribution is generally proportioned in all states to the degree of civil liberty they may be blessed with. It is thus only that wealth is useful or contributive to the happiness of mankind; and its natural utility and peculiar mode of operation ought to be the guide of all governments in promoting its acquisition.

100. To tax the members of a society in proportion to their means is certainly an equitable rule; but it is thought by many respectable authorities, that there are no more equitable or certain means of obtaining this end than by taxes on *individual consumption*; the generality of mankind consume, in proportion to their income, from whatever source it arises, and therefore, taxes on the price of commodities are proportioned to people's means, through the

the medium of their expenditure. But taxes which bear immediately and heavily on individual profits, cannot fail to be oppressive; they check the acquisition of wealth, confirm general poverty, and therefore obstruct the only possible means by which the laborious, i. e. the major part of every society, can be expected to prosper.

101. If, therefore, taxes affecting the poor fall easily within their limited means of payment, or occasion no forced rise in the wages of labour, and that the other taxes of a state leave the field of industry free and unobstructed, the social body has then all the benefit which government is capable of extending to it. To security and protection is added proper encouragement; the lower benefit by the wealth of the higher classes; their utility and dependence on each other are reciprocal, and the good of all is promoted by its best means of attainment, that of mutual advantage and assistance.

102. Though there is an evident limit beyond which the wealthy few cannot pass, or would cease to be productive of further good, yet it may be impossible to define the precise number in any society that would be most beneficial to the whole. But there is a natural property in wealth in proportion to its own increase, to increase also the laborious hands destined to supply its wants; the liberal recompence of labour enables the poorer classes to live in greater comfort, to rear larger families, and, consequently, to increase in numbers; or it invites additional hands from abroad; so that the proportion between rich and poor, if left to itself, will always balance itself. It is a case that would only bewilder human governments to define, and is referable to the laws of nature alone, by obstructing which, we can never be right; by following which, we can never be wrong.

103. Unlimited encouragement therefore, to all who choose to adventure in the pursuits of industry, should be the policy of those who rule, since the acquisition of wealth, by the few, is the source of universal prosperity; and the expenditure of it, among the many, the only practicable method of ameliorating the condition of the lower orders.

104. Tenth.—From an arrangement, therefore, on these principles, or with such modifications as local circumstances may, on carrying the plan into effect, require, it is humbly hoped that the spirit of industry, which is said to have disappeared with the great Portuguese settlers, may again revive on the island of Salsette. Without it, every hope of improvement is vain. The present inhabitants are certainly better off in some respects since the introduction of Mr. Rivett Camac's system of revenue than they were before; but neither have their numbers, their cultivation, their energy, or their wealth increased; long habituated to a state of hopeless poverty, it is manifest, that with the means, they lost also the inclination to better their condition beyond the reach of ordinary encouragement to relieve; and such are the habits of laziness still prevalent, which poverty and oppression have long tended to perpetuate, that were the whole revenue of the island surrendered to *its present tenants*, it might be longer before it stimulated to greater energy among themselves.

N. B. The accompanying population tables, taken from the public records, show the numbers to have decreased since the year 1802.

105. Capitalists are therefore indispensably necessary to recal into activity the deadened powers of this degenerate race; but, without adequate profit, it cannot be expected that capital will ever be devoted to so desirable an end. The present plan however, proposes this encouragement, by holding forth to its acquirers all the profit which the employment of agricultural capital is capable of affording, subject, ultimately, to a moderate tax at the utmost, wholly unconnected with, and independent of, the amount of profit in question. The tax being ever limited, though the profit be for ever increasing.

106. The introduction of capitalists into the island must necessarily bring about an improved and extended cultivation; the lower classes will hence find constant employment, and enjoy greater comforts; their numbers increase, and, with the further addition of new lands to be employed on the present waste grounds, occasion an increased consumption of liquor, tobacco, &c. The old will thus be better reconciled to the new settlers, not only from the improvement of their own circumstances, but from the effect of their augmentation in reducing the rate of the old tax. Capitalists will also, in many instances, purchase productive lands from the old settlers, to the great advantage of the latter, who may find more comfort and profit in being the well paid farmers, or even labourers of a wealthy landlord, than as the needy possessors of, to them at least, unproductive estates.

107. Eleventh.—An abundant supply of water is so well known in this country to be one of the most essential requisites in agriculture, that it may be needless to dwell on all its advantages. The impossibility of any extended cultivation, without it, the extraordinary capacity of land in this country to produce, uninterruptedly, with it, and often, several crops in the same year; and the means which large reservoirs of water would consequently afford to mitigate the calamities of dry seasons, render it an object highly deserving the attention of Government.

108. From the generally impoverished state of our agricultural population in India, it is not to be expected that works requiring a considerable expenditure of money, however desirable, can be undertaken by them. Even tanks, already in existence, are suffered to go into ruin and decay, from the inability of agriculturists to clean and repair them. The aid of Government is perhaps indispensable; and there is no doubt but it would operate as a most important encouragement to agriculture, if only prudently and judiciously employed.

109. On the island of Salsette, for example, there are numerous spots in the vicinity of the hills, where water might be dammed up, and thereby reserved for the use of cultivators

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tors throughout the year; the beds of rivers, now dry very shortly after the rainy season, afford, by means of dams, another source of easy supply; and reservoirs, I imagine, might be formed of any required capacity in the places here alluded to, at a comparatively small expence to Government; and this expence admit, without inconvenience, of such arrangement with the inhabitants as to be gradually reimbursed to Government, by an annual moderate tax from those in whose favour and at whose desire the outlay shall have been made.

110. I confess that I am no advocate for the premature construction of public works in an impoverished country, or one likely to continue so: public canals or high roads, for example, in a desert would be useless; they are little better in a country of confirmed poverty, where the inhabitants themselves may be insensible of their advantage, or destitute of the means of turning them to account. In these cases, the expence incurred is always disproportioned to the resulting good. A canal or a road, cannot of themselves create population, or excite the industry of the confirmed poor, any more than a market-place can attract supplies for which there is no demand. In all these cases I should prefer awaiting a general sense of the uses and benefits of such a work, previous to the expenditure of any considerable sum in the execution; but in the case here recommended, of reservoirs, the benefit is so obvious, and the use so immediate and certain, as to justify, it is hoped, this suggestion of the work to the favourable consideration of Government.

111. The speculations on this subject, it may be added, are far from merely theoretical ones. The incalculable benefits of large reservoirs have been actually experienced in the agricultural practice of many nations; numerous proofs may be adduced of it, but I shall only trouble the Board with the accompanying extracts (F. G. H. I.)

112. The animated description, by Mr. Townsend, of the wonderful effects of the pantano on the beautiful valley of Huerta in Spain, cannot be read without admiration. The effects of the reservoirs mentioned by Neibhur, and the prosperity and decay of the population and countries therein referred to, which seemed to follow as consequences of the abundant supply and failure of water, as well as of change of government, are also striking; and, above all, the numerous observations and positive practical facts adduced by the celebrated Arthur Young, of which, however, to avoid prolixity, I have only extracted a few striking instances, will, I trust, be found to merit the particular attention of Government.

113. In the vicinity of Surat the result of irrigation is still more wonderful. From the accompanying statement received from Surat Desloys, now in Bombay, it would seem that some of the well-watered lands are worth *about seven and ten times* as much, in gross produce, as the best of those that are only watered by the monsoon, and the revenue derived therefrom also proportionably greater. As these lands are under the Company's authority, the fact is capable of correct ascertainment, and it is of importance sufficient to merit minute investigation, if this statement be only an approach to accuracy.

114. I have by me a jumabundy of the district of Ahmednugger, for Fulee 1214, wherein the revenue, on an average per begah and per acre, is stated at from four to near six times as much, on constant watered as on monsoon-watered lands.

115. In Basseen, close to the northern boundary of Salfette, a most beautiful and rich cultivation is also established, with the aid of irrigation, and one that affords a striking but mortifying contrast with the agriculture carried on close to it, within our own frontier; but where the same effects might undoubtedly be produced, if to a spirit of industry were only added the same means of increasing, through irrigation, the productive capabilities of the soil.

116. In Malabar, Corgo, and Wynaad, I have seen similar effects produced in valleys abundantly watered; but it is needless to multiply examples of facts so well established in this, and perhaps every other part of the world.

117. I believe I may confidently add, from a superficial knowledge of the laws of hydrostatics, that whoever, as a professional man, is acquainted with that well known and fully established principle of the pressure of water, in proportion to the height of its column, not to its actual bulk, might construct these reservoirs on Salfette at a very moderate expence; another strong recommendation in favour of the experiment.

118. Another object in the establishment of these tanks or reservoirs, though perhaps somewhat more distant, yet not less important, is, that they may hereafter prove a source of very considerable revenue to the state. Whenever this may be, it is presumed they will be found unobjectionable sources of taxation, at the same time that it may be prudent to restrict the taxes thereon, under present circumstances, to the mere reimbursement of their original cost, i. e. until their great utility and advantage be very generally felt, or until a spirit shall be excited on the island to extend its agriculture beyond the limits to which it is now very generally restricted by an annual supply of water from the heavens.

119. At some future period therefore, and that not very distant, it seems to be by no means visionary to calculate on a clear revenue from this source, which I would earnestly recommend, in the first instance, as a further substitute for the present land-tax, or to aid in the reduction thereof. And when this tax shall be sufficiently reduced to be no longer an impediment to the progress of general prosperity, it may be difficult to foresee to what extent the

the proposed house-tax and reservoir-tax may be carried. A reservoir-tax is moreover, in my humble judgment, as unobjectionable as a house-tax, from its not interfering, as before observed, *with the immediate pursuits, or sharing in the immediate profits of industry*. A fixed annual tax for a supply of water, will constitute no part of a man's view of his profits from the sale of an untaxed produce; the tax is fixed while the produce may be any thing; and the principle already repeated in the course of this essay, of holding forth to the industrious the prospect of indefinite profit, or of a profit extensible to any practicable extent of his own exertions, is therefore equally adhered to.

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120. Lastly.—In short, the whole plan proceeds on the principle of exciting universal industry, by holding forth its only natural incitement; and such is the favourable situation of the island, from its proximity to a market capable and ready to absorb its utmost possible produce, that industry and prosperity might be here carried to an incalculable and indefinite extent; and as general wealth increased, if more revenue were requisite to answer the just calls of Government, there would then be found abundant sources of unobjectionable augmentations.

121. In the interim, the Company, under any result, are effectually guarded against loss; for their present revenue from the island is fully and cautiously secured to them throughout every stage of the plan, with no reduction of what is deemed the objectionable tax, until an unobjectionable equivalent is presented; and if the plan be otherwise successful, this must be admitted to be no small additional advantage, in a country so poor and yet so highly assessed.

122. By the reduction of the new establishments the Company will moreover be considerable gainers, as more fully shewn in the sequel.

123. The present state of Salfette exhibits a fact highly interesting to political inquirers, and on which a few remarks may be useful, particularly if they shall be found equally applicable to other parts of our Indian territories.

124. In Mr. Rivett's able report of the 25th of June 1796, he asserts the island of Salfette to be equally populous, if not more so than some of the most prosperous known countries.

Recorded in the Revenue Department of the 19th August 1796.

Its extent is stated to be 240 square miles, and its population 51,000 souls, which correspond with the population tables accompanying this essay; with the facts, it is curious to compare the late statements of the population of our mother country.

N. B. The population is rather diminished since Mr. Rivett's time.

In the Encyclopedia Londinensis, containing some of the latest surveys, the population of England and Wales is given at 8,400,000 souls; and the extent of territory 49,540 square miles. This gives 169 inhabitants to every square mile, whereas those of Salfette are 212.

N. B. These, I apprehend, are geographical miles, sixty to the degree; for according to another computation now before me, the superficial contents of England are stated at 66,348 square miles, at the rate of $69\frac{1}{2}$ miles to a degree; and even supposed to be as much as 73,306 square miles; according to the first of these numbers, the population is about 126 $\frac{1}{2}$, and according to the last, about 114 $\frac{1}{2}$ per square mile.

125. If the situation of these two countries be only viewed by the most superficial observer, it is impossible not to be struck with the active energy of the one people, and the languid apathy and helpless indolence of the other; and thinking minds can hardly avoid the conclusion, that agriculture alone is not sufficient to promote or support a vigorous and efficient population; and that population, however extensive, is inefficient and comparatively useless, *unless it be stimulated* to active employment. Without at all pretending, or even feeling qualified to engage in the disputed points respecting agriculture and population, the example before us is too forcible to be invalidated by arguments derived from theory alone. We here clearly see, that farmers and cultivators will raise food for themselves, but not gratuitously, for others; neither will those others supply the extra wants of the agricultural class, without an equivalent value in exchange; extra exertions on both sides must be roused by the application of proper incitements; if these be wanting, agriculture alone, its consequent population, and the prosperity of the society at large, have an evident limit, and that by no means an extensive one.

It may be objected that Salfette is too limited a spot to compare with England and Wales as to relative population; but the average of Salfette, is also that of at least a large proportion of our Indian territories. The Bengal provinces for example, are also computed to be peopled at the rate of about 200 per square mile.

126. By these observations it is not pretended to deny, that agriculture is a source, and the original source of wealth, but rather to contend that its productions lose their character of wealth, when confined to the uses and consumption of the actual producers; that wealth, in short, consists more in the surplus produce of agriculture than in the portion which cultivators immediately consume; and that this wealth should neither be checked in circulation by impolitic restraints, or drained from the pockets of its industrious acquirers by heavy taxation; for, in the hands of the latter, wealth, with filial regard, as it were, to its parental source, re-acts upon industry, by stimulating it to the supply of greater wants, the chief of which is food; and food for a flourishing population can only be procured by extended agriculture, which thus, and thus only, is enabled to pass the abovementioned barrier that poverty and restrained wants would seem to prescribe to it.

127. Without these stimulus indeed there may be even superfluous produce in a country, if demanded by foreign consumption, without conducing in the least to its own abundance or prosperity; for if the proceeds of that superfluous produce or the major part, be equally with the proceeds of home consumption absorbed by high taxation, we may be still far removed from a progressive course of improvement. Internal wealth is still wanting to excite the industry of the necessitous, in the other mechanical branches of civilized life; the price of labour is consequently too low, and its produce yielding but a scanty subsistence, population becomes stationary, and at the same time feeble, inefficient, and comparatively useless. A country may thus be populous, as in Salfette; may even export a superabundance of grain annually,

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annually, and yet be wretchedly poor; and many of our *Indian districts* are perhaps existing proofs of this fact.

128. It is a common thing too in poor countries for the lands to be divided and subdivided into small possessions or farms. Our Indian territories present abundant examples thereof; and wherever it is the case, an extensive population may be supported; but as in Salfette, it must be proportionately poor and feeble, each subdivision being entrusted to the management of a separate family; it follows, that the more subdivisions, the more will be the families maintained, as long as each spot shall be capable of affording sufficient produce for the maintenance of its occupiers.

129. Subdivision may be easily conceived therefore so minute, as that the whole produce, including rent and profit, shall at length be absorbed in the maintenance in question; there will then remain no superfluity to excite employment in the other branches of the society; the cultivators of the soil may be said to labour almost for themselves alone; and the poverty of such a state is irremediable, except by the consolidation of smaller possessions, till the surplus bears a high and due proportion to the gross produce, and by substituting rich proprietors and capitalists for wretched occupants, who, thus bordering on the condition of brutes, are restricted to the unnatural necessity of almost exclusively supplying their own wants.

130. This is the utmost limit of subdivision, and of consequent population and poverty; but it must be remembered, that all approaches to it are only lesser degrees of the same evil; and in the applications not unfrequently made on Salfette, for the circumscribing of lands, from want of means to cultivate, at the same time that it is a proof of growing poverty. I would humbly recommend to Government this consideration of the probable consequences of present acquiescence in the request.

131. It would hence then seem to be impossible to encrease a people to any useful end, if the ways of active employment are obstructed, or shut, and that kind of employment too, which renders them serviceable to each other. This employment only arises out of reciprocal wants; wants are only created or encreased wealth, and wealth is unattainable, or incapable of active circulation in a country like the interior of India, where the immediate sources and employments of industry are so highly assailed.

132. "The political economy of government is brought to perfection, when every class, in general, and every individual, in particular, is made to be aiding and assisting to the community, in proportion to the assistance he receives from it."

133. "That number of husbandmen therefore is the best, which can provide food for all the state; and that number of inhabitants is the best, which is compatible with the full employment of every one of them."

134. Thus too the plan proposes to reanimate the Salfettetes to full and active employment, by opening wide the field for industry, by holding forth the certainty of great, and the prospect of indefinite profit; and by the consequent introduction of capitalists, with all their train of wants, to give life, energy, and activity to the whole. If the old house-tax prove for a time heavy, it is still removed to a far less objectionable source, from one of the most important of human employments, and that employment no longer clogged with the disheartening prospect of its profits being about to be shared, nay disproportionately shared, as soon as labour shall have acquired them; and it has been kept in view throughout, to give full operation to those laws on which societies are founded in nature, by removing the obstructions which seemed hitherto to oppose the natural extension of wants, and to giving to self-love, or self-interest, a manifest advantage in supplying them.

135. The field of industry is not only opened to all, but freed also from interference or direction on the part of Government; and the free agency of man, his absolute and unalienable right, left at full liberty to follow those branches which he may himself find most conducive to his own benefit, and of which he alone is the fittest natural judge. Though this principle be generally admitted in theory, it is too often disregarded in practical systems of taxation; for all taxes, whose operation is to check industry in its natural channel, or to force it into others less zealously, and therefore less advantageously pursued, are greater or lesser violations of this natural right. Man, as a free agent, is properly amenable to no restraint, except in what may be absolutely pernicious; in other respects the freest exercise of his own will is his undoubted privilege; made by his creator to prosper, rather than to pine on earth, his creator's laws are consistently directed to the same end; they are according parts of one admirable whole, and must therefore evidently operate with most efficacy, where free agency is least restrained. It is, in short, that enviable state of civil liberty, as much the happiness of subjects to acquire, as it should be the pride of Government to establish.

136. Having in the preceding paragraphs intimated the practicability of reducing the native establishments on Salfette, Caranja, &c. it will be proper to subjoin, that I propose this arrangement on the principles of a plan which I carried into effect some years ago, and with entire success, in a much more extensive territory, and of more difficult collection.

137. On Salfette, if the present simple plan of revenue be adopted, a still smaller establishment than what I now propose may very possibly be found to answer; but if it be desired to extend it to other districts where the old system of revenue continues, an adequate idea will,

will, I hope, be conceived from the enclosure K., wherein, with a view to more easy comprehension, I have adopted it to the present system and revenues of Salsette.

138. This island, already containing seven districts, is divided by the plan into as many paterhips, to whom, with a proper number of peons, are entrusted the superintendence and controul of the sub-patels, and the responsibility of forwarding without delay the revenue, as collected to the cutcherry. The sub-patels are the immediate collectors of it (in districts where more than one Patel is necessary) within circles of about six or seven thousand rupees each, having a writer under them to keep accounts, of which copies should be forwarded through the head Patel, with every consignment of treasure, and three peons each, to aid in collecting, and when necessary to be allowed to call on the head Patel with his peons, to grant their assistance. In Salsette, if the present revenues be commuted for the proposed house-tax, it is possible that one sub-patel, of capacity himself to keep a simple account, may do in each circle, under the orders of the district or head Patel, without a writer under him; but in other countries, where the accounts are less simple, a writer may be necessary.

139. From the accompanying voucher (K), it will be seen that a fibbendy or village establishment, on this principle, falls considerably within the amount of 5 per cent. on the gross collections, so as to leave, I trust, an ample allowance for the cutcherry of the collector, without exceeding that per-centage.

140. In another country, where I have already tried the experiment, I found it abundantly satisfactory to the natives. The employment of these, in preference to foreigners, afforded them a gratification which enabled me to engage the services of men of the first respectability and influence in the country, at salaries nearly corresponding to those inserted in the voucher; and by ridding the country of a horde of foreign native servants, I not only eased the public of a heavy unnecessary expense, but the local inhabitants of the exactions of this foreign tribe, which from the total inability of a single European collector to controul, are very generally, perhaps universally, a most burthensome addition to the weight of the established taxes, and therefore a double bar to the means of improvement.

141. I do not pretend that by the employment of resident natives of influence, men of greater purity were introduced into office, but from identity of habits, and being long known and respected within their local spheres, their administration was more acceptable to the natives, and from paucity of numbers, and perhaps too a fellow feeling for friends and neighbours, less generally oppressive.

(Signed) R. RICKARDS.

Bombay, 24 Sept. 1807.

MEMORANDUM of the Number of Taxes, and their Amount, from which the LAND REVENUE of Salsette is at present realized.

1 Batty	-	-	-	-	-	-	104,841	2 98	
2 Brab Trees	-	-	-	-	-	-	13,545	1 0	
3 Mohoturfa (Artificers)	-	-	-	-	-	-	2,663	3 0	
4 Baggai or Oarts	-	-	-	-	-	-	6,699	2 50	
5 Dannar Cocoa-nut Trees in peoples compounds	-	-	-	-	-	-	558	3 0	
6 Rents or Godowns	-	-	-	-	-	-	186	2 65	
7 Cocoa-nut Oarts belonging to Sircar	-	-	-	-	-	-	0	3 0	This is the produce of the Oarts in kind.
8 Dongur Dhulley	-	-	-	-	-	-	108	0 0	
9 Wuskeesor Hill cultivation of Gingitie, &c.	-	-	-	-	-	-	28	3 34	
10 Maryse and Codjans	-	-	-	-	-	-	1302	3 66	Company's Property. Ditto let at outcry. pay $\frac{1}{8}$ of the produce.
11 Sircars Salt-pans	-	-	-	-	-	-	434	2 08	
12 Fuzendars Salt-pans	-	-	-	-	-	-	777	3 72	
13 Ground allowed for garden	-	-	-	-	-	-	16	1 25	
14 Angdana or Cooley Tax	-	-	-	-	-	-	14,685	3 0	
Total							Rs.1,45,850	3 68	

LAND REVENUES							1,45,850	3 68	
15 Tobacco Farm	-	-	-	-	-	-	28,825	0 08	
16 Arrack Farm	-	-	-	-	-	-	67,300	0 08	
17 Farm of Hay	-	-	-	-	-	-	400	0 0	
18 Ditto Date Trees	-	-	-	-	-	-	395	0 0	
19 Ditto Poonavem Flower	-	-	-	-	-	-	735	0 0	
20 Ditto Stone Quarries	-	-	-	-	-	-	167	0 0	
21 Ditto Duty on Junger	-	-	-	-	-	-	1,438	0 0	
Total							Rs.2,45,110	3 74	

N. B. Of the preceding taxes that on batty alone, is intended to be included in the cowles, as now drawn out; and these cowles would perpetuate the said tax, at its present rate or rates, for ever, without any diminution in its amount to the present or old settlers. The rates of this tax now are a nominal third of the produce of white batty grounds, 4-3-2, and 1 parrah per beggah on private salt batty grounds; and half produce on salt batty grounds, the property of the Company. From

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the wording of these cowles being confined to the computed one-third of the rated gross produce of the soil, it seems doubtful whether the last mentioned tax on Company's salt batty grounds be intended to be included, it could not, without a fresh assessment, which would diminish the *present* amount of revenue. The tax, however, is payable in kind, but commuted into money at 20 rupees per moorah of white, and 16rs. 2 qr. of black batty, liable to a future decennial adjustment. Both lands, and the goods and chattels of defaulters, are liable to seizure for arrears of revenue.

Bombay, 24th Sept. 1807.

(Signed)

R. RICKARDS.

HEADS of the proposed New Plan.

1. THE present revenue being derived from fourteen different sources (besides seven farms), and many of the payers contributing from two or three different heads, with a view of simplifying the revenue both to payers and receivers, it is proposed to consolidate the whole of the different land-taxes into one general tax, to be removed from the land and its produce, and fixed on houses in perpetuity.

2. Cowles to be granted to every landholder on the island of Salfette, making over the said land to him which he now occupies and cultivates, after correct admeasurement, in full and exclusive proprietary right.

3. The said cowles to specify not only the extent of the land thus made over to the proprietor, but the particulars of the different taxes now paid by him, the whole to be then consolidated and commuted into one general house tax, *fixed in money*, never to rise, though subject to diminution, as will be hereafter explained.

4. The tax being thus fixed on a house, will then have no reference whatever to the produce of land; a proprietor may then extend or improve his cultivation within the limits specified in his cowle, without any interference on the part of the servants of government, or being liable to one or more pice of tax. The profit of every improvement will then be wholly and entirely the proprietor's own.

5. After the tax is thus fixed, any servant who interferes with a proprietor in his cultivation or improvements, to be punished by transportation beyond sea.

6. For the sake of conformity, the house-tax shall extend to all those now paying revenue on the island, and be proportioned in each case to such payment; it shall extend also in due proportion as this source of revenue (which a new one) be productive; it shall be allowed to operate in diminution of the rate of house-tax to the *present* occupiers and cultivators of land; hence, no man will in any case pay more than he does at present, but evidently less, even in the first instance. Another advantage of the commutation is, that the tax will thus be *one* and permanently fixed; i. e. never to rise, though individual profits may be perpetually increasing.

7. Waste lands, which require encouragement and much expense to cultivate, will be granted *free of all tax for ever*, excepting such as may now be paid from trees or other articles thereon; any new houses built on the island, to carry on the waste cultivation, will be subject to no tax for the first fifteen or twenty years. After which period the proprietors, &c. will pay the same house-tax as the rest of the island, which it is hoped may before this time be reduced to one uniform moderate standard every where.

8. In the event of arrears of revenue, the *lands* of proprietors, but not their *produce*, will be liable to public sale to make good such arrear.

9. In order to expedite the great object of the plan, viz. *the reduction of the present land revenue to the standard above adverted to*, I also propose, that in proportion as the present farms of tobacco and arrack shall, by some better management become more productive than they *now* are, a corresponding amount shall be given up in the commuted tax to the old settlers.

10. The plan also proposes the establishment of tanks or reservoirs on the island, for the purpose of irrigation. It is proposed to make these reservoirs likewise a source of taxation; first, to reimburse the expense of construction; afterwards to be an equivalent for further reductions in the house-tax; and when these combined sources shall be found sufficient for the purposes now anticipated, it is finally proposed, that the house-tax be converted into a tax ad valorem, and for ever; after collected on that principle from all the houses of the island, without any reference whatever to the produce of lands*, and this rate to be applied to the houses of new settlers, cultivators of waste land, in fifteen or twenty years from the date of their possession.

11. And lastly, the plan proposes a saving to the Honourable Company, by reduction of useless establishment, and other charges of more than two-thirds the present annual amount.

Bombay,
24th September 1807. }

(Signed)

R. RICKARDS.

* Note.—On these principles it will be perceived, that the house-tax to old settlers will only undergo gradual reduction, as other equivalents offer, whence also the Company will at no time suffer the least actual diminution of revenue; and the said house-tax will not be finally converted into a tax ad valorem, or an estimated rent thereof, until all the proposed sources of revenue be found productive of an equal amount to that now derived from the island.

(ABSTRACT).

Houses and Population, &c. of the Island of Salsette, taken from the late Collector's "Inspection of Villages," framed in 1802.

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	Land Revenues, Rupees.	Population.	Houses.
Mallar District - - - - -	34,621	10,619	2,665
Daravie D° - - - - -	11,415	4,285	739
Gorabunder D° - - - - -	10,663	3,209	709
Tannah D° - - - - -	23,883	12,996	2,728
Marole D° - - - - -	23,561	5,407	1,365
Tromba D° - - - - -	35,396	8,605	1,858
Bandora D° - - - - -	12,070	6,986	1,406
Total - - - - -	151,629	52,107	11,470

(Signed) R. RICKARDS.

(ABSTRACT).

Numerical List of Population and Houses of the Island of Salsette, taken from the Collector's Records for the Year 1807.

	Houses.	Population.
Tannah District - - - - -	2,178	10,972
Gorebunder D° - - - - -	652	3,244
Daravee - D° - - - - -	816	4,524
Marol - D° - - - - -	1,241	5,392
Tromba - D° - - - - -	1,888	8,692
Mallar - D° - - - - -	1,986	9,817
Bandorah D° - - - - -	1,406	7,283
Total - - - - -	10,167	49,924

The population of the villages under Doctor Scott, and Mr. Ashburner, is not registered in the collector's books. The numbers therefore may not be accurate; they are probably less than the truth, being taken from the table framed by the collector himself in 1802. Since these estates are perhaps the only part of the *interior* of Salsette where population encreases.

(Signed) R. RICKARDS.

TRANSLATE of a Representation from the Patell Mattaras and Ryatts on the Island of Salfette, dated 11 August 1807.

Sic. Orig.

After Compliments;

Representing that your honour wished to know the reason of the ryatts being in poor situation, so in what manner they will become rich, as also to state what hardship they bears, consequently we now beg to propose as follows, viz.

1. That the late Mr. Rivett, chief of this island, having observed the indigent situation of the ryots, and have fixed one-third of the produce as fircars toka allowed in the meantime to pay for it at rupees 20 for white, and rupees 16 per morah of black batty; besides given up several baptus or taxes, which made greatly happy to the ryots, requesting therefore to your honour (being in the place of Almighty) to fix the same price of batty to our posterity.

2. That in the island of Salfette have leased two farms of arrack and tobacco, which is great deal prejudicial to the ryots, viz.

1. The fircar have bind the arrack farmer in his lease, that he must supply to the ryots fix half maunds of arrack (for each morah of land at the rate of rupees 1-1) per each half maund, which he, the farmer, according to the condition of the lease, never supplies to the individuals, but putting off from time to time for the delivery, till the fixed period of the lease is expired, and than offering at rupees 1-3 per each half maund, which is not even good, but like water, and some time four, which undoubtedly makes people sick; and the person who accustomed to drink half seer of arrack in a day, he cannot satisfy himself even with three seers; besides, the farmer purchasing bad arrack from the bandarees, at under rate, as of half a rupee, and some time six annas per each half maund, and he disposes the same to the consumers at the fircars fixed rate of rupees 1-3 per each half maund, even for

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the payment of such decreased rate, at which he purchases the arrack from the bandaree, evades them from time to time, and, lastly, don't discharge in full their due; however the bandarees in such case ought to prefer their complaint before the judge; but the poor ryots fears, for they oblige to break their time from two to four days to attend for the justice; thus they cannot proceed by laying their work at aside. Prior to the arrack farm is leased out, the ryots use to get from two to three quarters of a rupee per each half maund of arrack.

2. The tobacco retailers, without receiving any wages from the tobacco farmers, paying him rupees 5 per maund of tobacco, and carrying the same for the petty sales, who do not sell more than three quarter per a seer of tobacco; so, at medium rate, the ryots oblige to purchase at rupees 8 per maund, instead of rupees 5, as all sort of people do not understand in the weight; besides the tobacco which the farmer supplies is of inferior quality, no doubt he might, purchasing it at under rate. The person who have expenditure in his house of one seer of tobacco, he do not satisfy even with four seer, being of bad quality, and it makes them sick by coughing. Prior to the farm is established, the ryots use to get from 2 to 2-2 rupees per maund of tobacco, which is of a superior quality. Thus, Sir, the ryots labour under the detrimental situation owing to the aforesaid two farms.

3. That in the island of Bombay no fees were collected from the ryots for the wedding permits. As in this island some people oblige to pay fee of rupees 2-25, from which article the fircar do not reap much revenue, consequently we the ryots request to give up this trifling tax to them, that they may celebrate the wedding without note, or paid any fees agreeably to the rule observed in Bombay.

4. The fircar wishes to give to the cultivators the deeds of property, but the toka and the rate of batty, which is fixed by the late Mr. Rivett's system, as prayed in the 1st article, is to abide them by adding the same into the deeds of property, and then to deliver the said deeds of property to the cultivators, yet if any cunumbees is unable from his situation to cultivate all the land now under his title, he may be at liberty to take out a cowle only for such part as he may wish to retain, leaving the rest at the disposal of Government; besides this, the brab trees, those that stands upon their batty ground, the produce of which trees goes to the fircar, and not to them, they wish to receive in the manner the trees were given in Mr. Rivett's time to the oart fazendars. These ryots, therefore, suggest, that if this indulgence, as herein prayed, is given to them, the ryots will then readily receive the deeds of property.

5. That if any cultivator is failed from his situation, the fircar should make him reasonable advance of money, which must be recovered in three years without interest, by instalments, which will greatly save the cultivators.

6. That in the island of Salfette, the coolies who never goes to fish, but cultivating the land, and they oblige to pay angdenah, which is very heavy to them.

7. That the cooley and other cast people, from Marratta country, came and resided in this island, who do not pay any more to the fircar than one rupee per each house, and making or cultivating Dhuntteys in the Hill, the produce of which never enough to maintain themselves, however in regard to these people, the accompanying will shew your honour the particular of it, and beg your honour will be pleased to make necessary arrangement about them.

We respectfully solicit your honour will be pleased to take the premises of the aforesaid articles into your serious consideration, and give the redress as your honour (is a father and mother to the ryots) wishing to promote their poor situation, which obliged them to submit this petition. In granting the aforesaid redress, it will keep the ryot in a happy situation; and pray Almighty for your health and happiness.

The above petition is signed (the original) by upwards of 100 of the principal inhabitants for themselves, and the other inhabitants of the island.

(Signed) R. RICKARDS.

TRANSLATE of a PETITION from the Patel and Mattaras, and Ryots, on the Island of Salfette; dated 11 August 1807.

A. C.

1. Respecting that the thieves and their firdars, inhabitants of continent country, came over one after another, and took their abode in this island, as also in Bombay, and shewing the appearance of their being maintaining themselves by work, but they became qualified with the situation of the several character, people residing in this island, as well as with the rule of justice of the British Government.

2. That on the last dry season, in the several villages, these thieves having plundered four or five houses, and by flogging the people of the houses, carried away ready cash and jewels whatever they had, but they never touched for any cloths or copper ware, for the fear of being hereafter found; as the rule of the British justice is, that no enquiry were making into the funds thus robbed by the thieves, as also heretofore they might have plundered, consequently

quently the booty they acquire is safely remains for the use of their family; and in case if the ryots run after the said robbers in order to catch them, and they by their turn happen to murder them, as they sure themselves that they have no fear for their soul; on the contrary, the ryots if happened to kill the thieves, the justice takes pain to examine into the matter; yet if the thieves were caught by the ryots, the justice asks evidences on their part, still if satisfactorily proved the fact, in such case they, the robbers, don't meet with proper repriment. Thus the rule is with the justice, with which they, the robbers, became well known themselves, and have already plundered several houses, and we sure ourselves they will still continue in the same manner.

3. In short, if any person's house is robbed, he and the village people for his help, takes great pain to find out the thieves, with hope that if they were caught, must be properly punished; but agreeably to the rule of the justice, the aforesaid trouble shews no effect, but increases the animosity and fear of the thieves, as we are well known with their conduct, for their friends and children even will endeavour to take the revenge by foul, wherefore no person shall or will offer help one to another hereafter.

4. Thus, Sir, is the perplexity under which these Petitioners labour; moreover, these Petitioners are inhabitants of this island from their forefathers, and the estate they possess as houses, oarts, fenotore, &c. &c. is appears now to them no more than poison, owing to the aforesaid job of the thieves; there is not any sort of prejudice or hurt to these ryots, excepted this of the thieves, in the British Government, consequently they have thus submitted their petition to your honours favourable decision, (being your honour is a father and protector of the ryots), and they in the mean time request, that according to the villages the number of garrison sepoy with arms, is to be allowed, in order that in conjunction of them, the ryots of each village will watch three times in the course of a night, and by that means they will save their lives.

5. The fircar never derive any much revenue from those robber people, consequently these petitioners request, that they, the robbers, should be banished from this island to their own, by which the ryots will remain quiet and happy, otherwise these ryots will oblige to quit their former place, and live where they will observe safe for them. It appears to these petitioners, that as soon as they quitted the place, the remainder poor ryots never will remain on the spot without them; consequently we respectfully beg your honour will be pleased to consider the premises of this petition, and make happy to the ryots. If your honour could not give decision on the subject, in such case, this petition please to refer for the favourable decision of the honourable the Governor in Council.

Original signed by upwards of 150 of the principal inhabitants, for themselves and the other inhabitants of the island.

True Copy of the Translation.

(Signed) R. RICKARDS.

The Humble PETITION of the undersigned Inhabitants of Caranjah.

Sheweth,

That your petitioners, with the greatest respect and humble submission, beg the liberty to represent their case. That the deeds of property proposed by the honourable the Governor in Council to be granted to the cultivators of land, your petitioners are willing to take, provided the following alterations be made therein, instead of the term of ten year already mentioned, by which your goodness shall be acknowledged by them and their families for ever.

Article 1. That in the deeds of property, the particulars of the toka of the ground on their titles in the collector's records, is to be specified in batty, and money revenue, at the present rate; and that these different taxes be made one, and fixed for ever payable to the fircar annually, the net amount in money; and which may be commuted as a tax on their houses, and the same be registered in some of the public offices; but your petitioners first request to be considered.

Article 2. That the tax of rupees 12, on a beggah of baggayet, or garden ground, levied on this island, is a very heavy one; and in Salfette they only collect it at 9 rupees per beggah on the similar ground, agreeably to which they request the rate to be at Caranjah.

Article 3. That ever since the introduction of new system on this island, your petitioners, deprived of their right of a rent of two annas per each brab trees, formerly they used to recover from the bhandaries or the drawers of the toddy upon every tree stands on the ground of which the cultivators are paying to the fircar a tax by beggah measurement; therefore they, requesting either to adopt the same custom here as in such cases practicable in Salfette, or to be continued an ancient custom prevalent among the bhandaries, that they used to pay a tax of six annas on every tree to the fircar, exclusive of the two annas rent to the possessors of the grounds.

Article 4. That the petitioners cultivating beetle leaves in their gardens, which they send to Bombay for sale, of which they pay customs to the fircar, both at Caranjah and Bombay; it may be therefore exacted at one of the places simply.

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Article 5. That the price of tobacco at Caranja is fixed at the rate of rupees 6. 1. 60. per maund, and in Salfette at five rupees per maund; therefore you will be pleased to reduce the price of it at Caranja, agreeably to that of Salfette.

Article 6. That some years ago some of the cultivators absconded, who indebted to the fircar for certain revenues, in consequence of which an order was issued by the fircar, that the heirs of such persons absconded to make good the revenue to the fircar, and take in their possession the grounds cultivated by the emigrants, which accordingly been done; but those that left no heirs, the judge and the collector compelled the patells to make good the balances due by those that quitted this island, and ordered to make over to them the grounds held in their title, which orders are not yet put into execution; therefore your petitioners beg that the said ground will be transferred on their title in the collector's books.

Article 7. That the villages of Seven and Navern suffer a great hardship on paying the farmer toka on their high lands, which ought to be put on the same footing as the other different villages on this island, conformably to the new system introduced here.

And your petitioners, as in duty bound, shall ever pray.

(Signed) *I. Nellajer Patett,*
Caranja, 15 August 1807. and Seventeen more.

(True Copy.) (Signed) R. RICKARDS.

EXTRACT from Townsend's Travels in Spain, on the subject of Irrigation.

The country in the vicinity of Alicant is wild and broken; the mountains are lofty, rugged, bare, and little susceptible of cultivation; the vallies are mostly small, but remarkably fertile; the soil is sandy, with beds of clay and marle. The rock in general is calcarious; the city is partly fed by a valley to the north, and by the Huerta, a rich and extensive valley, but chiefly by the vale of Murcia. The carriers bring wheat, and load back with fish.

The Huerta is watered from a vast reservoir, called Pantano, constructed in the mountains, at the distance of above five leagues from Alicant. The governor had the goodness to carry me in his coach to view this artificial lake, formed between two high mountains by a wall, the dimensions of which, reduced to English feet, are as follow: one hundred and forty-seven high; two hundred and sixty-two wide at top, from mountain to mountain, and not more than twenty-four at bottom; the thickness of the wall is sixty-seven feet at top, and one hundred and twenty-one at bottom. It is very properly made miptual to sustain the lateral pressure of the water, but had the thickness of the wall been only seven feet at top instead of sixty-seven, there would have been more than sufficient, because the æra of any surface being given, the pressure of fluids on that surface is in proportion to its depth. The depth being given, it matters not whether the quantity of water be one acre or ten thousand acres, for the same expense they might have constructed many such reservoirs, one below the other; but when we consider the age in which this was made (A. D. 1542) we are not surprized to see so much labour lost.

When the stream comes near the Huerta, it is separated into four by the administrator, and each proprietor of land receives, or should receive, the quantity allotted to him, in proportion to his land, paying for this the stipulated price. To prevent violence and fraud A. D. 1739, the King, by his royal edict, established sixty-two regulations for the distribution of this water, and appointed a special court to enforce these regulations; yet notwithstanding, either through ignorance of hydrostatics in the managers, through their negligence, or through the influence of bribes, many obtained more than their just proportion, and others are left to murmur and complain. It is to be lamented that government does not construct more Pantano. The farmers in the Huerta could dispose of five times as much as they receive at present, and were the whole interval between the mountains occupied with reservoirs, they might all be filled. This Pantano, although vast, has been replenished by four hours rain.

Independent of the produce in all kinds of grain and herbage, Government derives a direct revenue of near two thousand pounds a year by the distribution of this water.

The rock is a fine limestone, covering schist; and as the country produces pines, juniper, and coscoja in abundance; fuel for burning lime is on the spot; so that the expense of constructing reservoirs would not be great. After having examined the Pantano, I visited, on the succeeding days, the Huerta, to get acquainted with the agriculture of that reak, well planted, and well watered valley.

Going eastward from the city, having ascended gradually for about a mile, you look down upon a wide expanse of nearly thirty thousand acres, every where inclosed by lofty mountains, excepting towards the sea, and covered with oranges, lemons, figs, mulberries, almonds, cherries, apricots, peaches, nectarines, plumbs, apples, pears, pomegranates, olives, alganobos, the more humble yet not less profitable vine, and the liquorice, with every species of grain, of liguminous plants, and of herbage for the cattle.

This vale is said to contain more than twenty thousand persons, and I can readily believe it; for wherever you pass, you see old and young men, women and children innumerable, all

Orig.

all busily employed, ploughing, sowing, reaping, treading out the grain with cattle, winnowing the corn, or conveying it to granaries, hoeing in the vineyards, distributing water to their crops, or digging their lands, and preparing it for fresh productions.

When I visited this delightful vale, they had reaped their barley, and were engaged in treading it with mules. To these they added carts drawn backwards on the area, for the purpose of separating the grain, and of cutting the straw for fodder. Others were employed to wind off silk from the cones; their reel is five feet wide, and receives six compound threads, from thirty, thirty-six, or from forty-two cones, which swim in a furnace of boiling water; these threads are made to traverse on the reels, that they may not agglutinate together.

I was much pleased with the reticulated fences round most of the little farms, composed of reeds in pairs, crossing each other like a lattice frame, yet so as to form, not rectangles, but lozenges or rhomboidal figures, with the reeds not interwoven, but bound together by esparto threads.

Every part of the Huerta is refreshed with water once in fifteen days, during the summer; but in winter it may go three weeks or a month unwatered. Beside the refreshing stream derived from the Pantano, they have some norias, the most remarkable of which, belonging to Mr. Arabit, is worked by wind, and raises the water forty feet.

The land never rests; for no sooner has it rewarded the farmer with one crop, than he begins to prepare it for another: In September he sows barley, and having reaped it about the latter end of April, or the first week in May, he immediately puts in maize, which comes off about the middle of September; but before this ripens, he puts in Landias (the cucurbita of Linnæus,) or some other esculent, which yields him a third crop in the course of the same year. In November he sows wheat, and in June he reaps; the produce both of wheat and barley is from fifteen to twenty-four for one, having sowed of the former nearly two bushels to an acre, of the latter between three and four. Flax is put into the ground about September, or the beginning of October, and comes off in May; but hemp, which is sowed in April, continues on the land till August. These, with cucumbers, melons, garbawzos (cicer artistinum,) peas, French beans, lettuce, alfalfa (medicago saliva,) form a rich variety of crops, which, cherished by a bright sun, and fed by abundant streams from the Pantano, prove a never failing source of plenty.

In the spring they abound with oranges and lemons; in summer they have plums, cherries, figs, apricots, and nectarines; in autumn they gather grapes; and in winter a rich variety of fruits supplies their tables. Thus Ceres and Pomona appear to be engaged in a never ceasing contest, which shall most contribute to the wealth and prosperity of this favoured Valley.

One of the most valuable productions of this country is the barilla. For this they plough their land four or five times, dung it well, and then, having turned the earth twice more, they make it smooth with boards instead of harrows, and sow their seed in the months of January and February, waiting always for wet weather.

(True Extract.)

(Signed) R. RICKARDS.

EXTRACT from Niebuhr's Description de L'Arabie.—Quart. Ed. page 240.

“Mareb est encore actuellement la principale ville de Dsjôf. Elle est à 16 lieues d'Allem. à l'est-nord-est de Sanâ, & ne consiste qu'en 300 maisons chétives; cependant elle a une muraille & trois portes. On prétend y avoir trouvé quelques ruines d'un palais de la reine Balkis, mais aucune inscription; ainsi elles ne valent peut-être pas la peine d'être vues. Le Seigneur qui y reside se donnoit en 1763 le titre de Scherif Mahammedibn Achmedibn Alojibn Khâletibn Hossejnibn Mahammedibn Nâsribn Mahammedibn Achmed; il étoit de la famille d'Abutaleb; hors de Mareb il ne possédoit que Hösnabrâd, Sahher & quelques autres petits villages. J'ai beaucoup entendu parler en Arabie du grand réservoir de Sabéens, que les Arabes nomment Sitte Mareb, mais personne ne m'en donna des notions plus sûres qu'un homme de Mareb très considéré, qui y étoit né & y demuroit. Il me décrivait le réservoir ancien comme une vallée entre deux chaînes de montagnes, qui avoit presque une journée en longueur (5 lieues d'Allem.) Dans cette vallée se réunissent six ou sept petites rivières qui coulent de l'ouest & du sud, & qui viennent en partie du domaine de l'Imân; quelques-unes sont poissonneuses & ont de l'eau toute l'année. Ces deux chaînes de montagnes qui renferment cette vallée de deux côtés s'approchent si près l'une de l'autre à l'est, que l'on peut en passer l'entrevue dans 5 à 6 minutes. On disoit, que cette ouverture avoit été fermée par une épaisse muraille, pour retenir l'eau superflue pendant & après les pluies, & selon l'opinion de cet Arabe, pour la distribuer dans les champs & dans les jardins qui sont à l'est & au nord, par trois portes pratiquées l'une sur l'autre. La muraille avoit 40 à 50 pieds de hauteur, elle étoit bâtie de fort grands pierres de taille, & il en reste encore des ruines des deux côtés. Mais elle ne retient plus l'eau qui s'écoule d'abord dans la plaine, & qui, suivant le plus ou le moins de pluies, se perd à longue ou à courte distance dans les sables & les champs voisins.

“Ainsi le grand réservoir près de Mareb, n'avoit rien de merveilleux. Ailleurs & même en Yemen, où il ne pleut que dans une saison fixe, on ménage soigneusement l'eau, mais ces

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reservoirs sont petits auprès de celui-ci. Que de contrées par exemple en Egypte & dans la Palestine, autrefois très cultivée, à présent désertes faute de canaux & de réservoirs ! Toute comme un sage administration a rendu fertiles beaucoup de bonnes terres, auxquelles il ne manquoit que de l'eau. Ces mêmes terres sont redevenues désertes dès que le gouvernement a changé, & surtout depuis qu'il n'y a plus eu d'union entre les habitants. Il seroit donc très possible par la nature du terroir, & aussi profitable aux habitants, de rétablir la muraille Sitté Mareb pour contenir l'eau, qu'il leur fut autrefois possible & utile de la faire construire. Mais Mariaba étoit la résidence d'un Roi, qui regnoit sur une grande partie de l'Yemen & de l'Hadramant ; & à Mareb il n'y a aujourd'hui qu'un pauvre Scherif, qui outre cette ville ne possède que quelques villages, & qui, loin de relever une si grande muraille, peut à peine défendre son pays contre ses voisins (94 Quest. de Mons. Michaelis.) Les réservoirs qui fournissent l'eau à Constantinople, sont construits comme l'étoit celui de Mareb. Mais bien qu'ils soient de beaucoup plus petits, ils ont été bâtis par de grands Empereurs, comme ils sont encore entretenus par les Sultans ; non que les dépenses excéderoient les forces des sujets, mais à cause du peu d'ordre qui règne parmi eux, & parceque les orientaux mettent entre les devoirs du Prince le soin d'entreprendre, ou d'entretenir ces sortes d'ouvrages publics. Lorsque cette dignité des Sabéens fut rompue, Mareb n'étoit peut-être plus la résidence du Prince, peut-être même ce royaume autrefois si puissant étoit-il divisée en plusieurs seigneuries. Il ne faut après cela point s'étonner, si ces ouvrages superbes n'ont pas été continués, ou si l'on ne les a pas rétabli."

(True Extract.

(Signed)

R. RICKARDS.

EXTRACT from Arthur Young's Travels, &c. Vol. 2. on the subject of Irrigation.

The celebrated Arthur Young, in the above-mentioned work, speaks frequently of the great advantages of irrigation in agriculture.

In that of Lombardy he describes the irrigation of the Milanese, by means of reservoirs, canals, &c. as "perhaps the greatest exertion of the kind that ever was in the world." The whole description being too long to copy, a few extracts may suffice.

"Their greatest exertions were in irrigation, which was so well known, that they sold their superfluous water, transferring the use and property of some, by the hour, day, and week."

"There are authors who have asserted, that agriculture is improved in consequence of great trade or manufactures only ; but the instance of the immense irrigation in the Milanese, effected by these and many other canals, too numerous to mention, will not allow of such a conclusion being general ; and to shew that my opinion is not without foundation, a very brief review of the state of Milan, as far as it respects these periods, will not be displeasing to a reflecting reader."

After this review, too tedious to enter, he concludes as follows :

"The conclusion of the whole seems fairly to be, that we are not to attribute the irrigation of the country to wealth derived from foreign commerce ; the fertility and excellent management of the lands supported a great population, which proved as industrious as public calamities and confusions would allow ; but it does not appear that this industry was ever continued through a long series of peace and happiness."

"The same law, that has been so effectual in watering Piedmont, operates here also ; and has done even greater things ; he who discovers a spring conducts it where he pleases, paying a fixed compensation for cutting through the properties of others ; all rivers belong, as in Piedmont, to the Sovereign, who sells the waters to speculators for the most beneficial purpose of irrigation. In the distribution of it by sale, they do not measure by the hour, as in Piedmont, but by the ounce, 12 ounces are a bracio, or 22 inches ; an ounce of water is a stream that runs one bracio long, and one ounce deep ; and the farther the water has run, the higher is the price, as being more charged with manure."

"As an example of the beneficial influence of this law, I was shewn between Milan and Pavia, a spring that was discovered two miles from the lands of the discoverer, the properties of many persons lying between him and the spring ; he first bought the property of the person in whose land it was situated, which was easily done, as it was too low to be there of any use, then he conducted it by a trench at pleasure, the two miles, paying the fixed price for cutting through his neighbour's lands ; and having gained it upon his own, presently changed poor hungry arable, into a very fine watered meadow."

"Near Milan a watered meadow sells at 800 liv. the pertica (£32. 15s. the English acre) and the rent of such is about 39 liv. (£1. 5s. the English acre) ; this must not however, be classed high, for there are lands that rise to 4,000 liv. (£163. the English acre) ; in land at 800 liv. or 1,000 liv. water often makes half of the value, that is, the rent to the owner of the land will be 15 liv. to 20 liv. and as much to some other person for the water."

"In viewing a great farm, six or seven miles from Milan, in the road to Pavia, I found that all the watered meadow was mown four times ; and that what was watered in winter, prati di mercita, five times ; such is the value of water here, that this farm, which watered is rented at 20 liv. the pertica, would not let at more than 6 liv. without water, the soil being gravel. The irrigation of the mercita begins in October, and lasts till March, when it is regulated like all other meadows. All in general begin in April, and last till September ;

“ tember; and if there be no rain, once in seven to fifteen days. An ounce of water running
 “ continually from 24th of March to the 8th of September, is worth, and will sell for 1,000
 “ liv. When arable crops want water, it is always given. At Cari, watered meadows are cut
 “ thrice commonly, but in some seasons four times.”

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“ I cannot but esteem the twenty miles as affording one of the most curious and valuable
 “ prospects in the power of a farmer to view; we have some undertakings in England that
 “ are meritorious, but they sink to nothing in comparison with these (meaning the canals,
 “ &c. for irrigation in the duchy of Milan) great and truly noble works. It is one of the
 “ rides which I wish those to take, who think that every thing is to be seen in England.”

“ The meadows are commonly cut thrice, but the best four times; the produce of hay per
 “ pertica 6 fasci of 100 lbs. of 28 oz. at the three cuts. Price of the first 8 liv. per fasc; of
 “ the second 5 liv. of the third 4½ liv.; they water immediately after clearing, if there be no
 “ rain. Without irrigation, the rent of the country in general would be only one-third of what
 “ it is at present.”

V E R O N A.

“ The meadows here are cut thrice, and fed once; are never ploughed if good and well
 “ watered. Water for irrigation here, as in all Lombardy, is measured with great care and
 “ attention by what is called quadrata, which is a square foot (the Verone foot is to the
 “ English about as twenty are to twelve). Twelve quadrata are sufficient to water five
 “ hundred campi of rice grounds (about three hundred and eighty English acres); and the
 “ price of such a quantity of water is commonly about three thousand zechine (£1,425.
 “ sterling.) The wheels in this city for raising water for irrigating the gardens are very com-
 “ plete; they receive the water as in Spain, into hollow fellies; there is one in the garden of
 “ the Daniele Monastery, for watering about four campi, which are said to yield a revenue of
 “ three hundred zechin, which is one hundred zechin (of 95s. 6d.) per English acre, or
 “ £.47. 10s. per acre—immense produce.”

T U R I N.

“ The irrigation in all this vicinity is extensive, and carried to great perfection. Water is
 “ measured with as much accuracy as wine; an hour per week is sold, and the fee simple
 “ of the water is attended to, with the same solicitude as that of the land. Rich meadows,
 “ without water, sell for 1000 liv. and 1100 liv. a gianata; and arable worth 500 liv.,
 “ without water, is in many instances worth 2000 liv. with it. During the winter, as the
 “ meadows are commonly fed with sheep, they do not water at all. Those who have water
 “ enough, let it on to their land once a week during the whole summer; but if the weather
 “ is wet, once a fortnight, and a day or two before cutting, if the water is perfectly clear.
 “ In regard to the quality of the water, they make no other distinction than that from
 “ mountains being cold, and that of the Dora, near Turin, being charged with so much
 “ sand as to be bad. They attend to the cutting of weeds in the canals, that they may
 “ rot; and some good managers harrow the bottoms in the spring, to foul the water, which
 “ then acts more powerfully as a manure. Another practice, which tends also to prove
 “ what excellent farmers they are, in all that respects meadow grounds, is that of paring
 “ and burning, which they perform on pieces that have a bad herbage or want improvement,
 “ but do not sow them with corn, or any other plant, except hay-seeds, in order to renew
 “ the grass with no other interruption; it is impossible to praise such practices too much;
 “ they call this husbandry, Motara.”

“ The power of effecting the great works in irrigation, which are visible over this whole
 “ country, depends very much on the law, which supposes the right and property of all
 “ rivers to be vested in the King; consequently all canals taken from them, are bought of
 “ him; and this ensures another regulation, which is the power of carrying the water,
 “ when bought, at the pleasure of those who buy it, where they think fit; they cannot,
 “ however, cut across any man's ground, without paying him for the land and the damage;
 “ but the law does this by regulations known to every one, and no individual is allowed a
 “ negative upon a measure which is for the general good. The purchasers of water from
 “ the King are usually considerable land owners, or communities, that have lands wanting
 “ water; and it is of no consequence at what distance these lands may be from the river
 “ whence the water is taken, as they have a right to conduct it where they choose, provided
 “ they do not cut through a garden or pleasure ground; nor can they carry the water under
 “ that of others whose canals are already made, as they might in that case deprive them of
 “ a part of their water; they are obliged to throw aqueducts over such canals. The benefit
 “ of water is so great and well understood, that nobody ever thinks of making objections;
 “ and in case their lands are not already watered, it is no small advantage to have a new
 “ canal brought through them, as they have the opportunity of buying water of the pro-
 “ prietors. It is sold per hour, per week, and even half an hour, and down to a quarter;
 “ the common price of an hour per week, for ever, is 1500 liv.”

Mr. Young has many more remarks on the advantages of Irrigation, and in several parts
 of Lombardy compares the value of watered with that of unwatered land, the result being
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every where similar to those above given. After a long dissertation on the commerce of Lombardy, he closes with the following pertinent observations:

Page 282. "There is but one conclusion to be drawn from this detail of the commerce of Lombardy, viz. that eighteen-twentieths of it consist in the export of the produce of agriculture, and therefore ought rather to be esteemed a branch of that art, than of commerce, according to modern ideas; and it is equally worthy of notice, that thus subsisting by agriculture, and importing manufactures, these countries must be ranked among the most flourishing in the world, abounding with large and magnificent towns, decorated in a manner that sets all comparison at defiance. The country every where cut by canals of navigation or irrigation, many of the roads splendid, an immense population, and such public avenues, that if Italy were united under one head, she would be classed among the first powers in Europe.

"When it is considered that all this has been effected generally under governments not the best in Europe; when we further reflect, that England has for a century enjoyed the best government that exists; we shall be forced to confess perhaps, with astonishment, that Great Britain has not made considerable advances in agriculture, and in the cultivation of her territory. The wastes of the three kingdoms are enormous, and far exceeding in proportional extent all that are to be found in Italy; while of our cultivated districts, there are but a few provinces remarkable for their improvements. Whoever has viewed Italy with any degree of attention, must admit, that if a proportion of her territory containing as many people as the three British kingdoms, had for a century enjoyed as free a government, giving attention to what has been a principal object, viz. agriculture, instead of trade and manufacture, they would at this time have made almost every acre of their country a fertile garden, and would have been in every respect a greater, richer, and more flourishing people than we can possibly pretend to be. What they have done under their present governments, justifies this assertion; we, blessed with liberty, have little to exhibit of superiority.

"What a waste of time, to have squandered a century of freedom, and lavished a thousand million sterling of public money, in questions of commerce! He who considers the rich inheritance of a hundred years of liberty, and the magnitude of those national improvements which such immense sums would have effected, will be inclined to do more than question the propriety of the political system which has been adopted by the legislature of this kingdom, that, in the bosom of freedom, and commanding such sums, has not in the agriculture of any part of her dominions, any thing to present, which marks such expence or such exertion, as the irrigation of Piedmont and the Milanese."

In treating of the same subject in Spain, Mr. Young has the following further interesting remarks:

"Every time we see any irrigation, we are struck more and more with the importance of water, *even on soils which are apparently mere rock; and on the most arid deserts it gives at once the utmost luxuriance of vegetation.*

"A journal, which is here also about an English acre, of rich land in the vale, not watered, sells for 500 liv.; watered, for 1,000 liv.

Page 324. "Leaving Barcelona, enter immediately on extraordinary scenes of watered cultivation, and which must have given the general reputation to the province. Nothing can well be finer; the crops in perpetual succession, and the attention given to their culture, great; not the idea of a fallow, but the moment one crop is off, some other immediately sown. A great deal of lucern, which is cut four, five, six and even seven times in a year, all broad-cast, and exceedingly thick and fine, from two and a half to three feet high when cut; it is all watered every eight days. Advancing, the irrigated lands let from 24 to 40 Spanish livres, that not irrigated at 15 livres; water therefore, here, *more than doubles the rent of the land*; and in other places we have found the difference yet greater.

"Land near canals, well watered, sells for 100 Spanish livres the journal; vineyards for 300 livres; they give in good years to 12 charges. Unwatered land 100 to 150 livres.

"Enter a flat vale, half a mile broad, not watered, hemp very poor; maize seven feet high; vineyards under regular plantations of olives; corn cut in stocks, and the land ploughed; a journal sells for 200 livres, and further on, when irrigated, for 1,000 livres, which is an astonishing difference."

Page 327. "While the mountains and waste parts of the province present an unfavourable prospect, the watered districts are, on the contrary, scenes of most exuberant fertility. To a person from the north of Europe there can hardly be a more striking spectacle than the effect of watering in these southern climates; *it converts an arid stoney waste, which would yield nothing but vines and olives*, on which every sort of grain would hardly return the seed, at once into fields pregnant with the richest harvests; on such soil it gives almost the whole value of the land; and on the richest it raises it at the least double, and in some instances five times; it enables the cultivator to have a succession of crops, more important than any thing we know in the North. The reaping one crop is but the signal for immediately putting in another, in doing which they exert themselves with the utmost activity, ploughing universally as soon as the corn is cut,

"and

Vide Sir John
Sinclair's History of the
Public Revenue,
Vol. 2, p. 98.

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“ and are by this enabled to have constantly two crops a year. The extreme fertility of
“ these lands has, however, led many travellers into great or ignorant exaggerations; they
“ have asserted, that the land yields many crops at the same time, one under another, which
“ is both true and false; it is a fact, that corn, wine, oil, and silk, are produced by the same
“ field, in some few instances; but it is not from hence to be concluded that the goodness of
“ the land, or the importance of irrigation, is at all shown by that circumstance. The fact
“ is, that it is impossible to raise one crop under another, without losing in one nearly as
“ much as you gain in the other; the olive being a large tree, cultivation may be carried on
“ under it; but the crop gained is poor, and shows, that exactly in proportion to the shade,
“ is the injury sustained by the produce which is shaded. If the trees are thick the corn
“ is hardly worth reaping; it is the same in other cases; and I was well convinced, from
“ reviewing their grounds with this design, that the soil can carry, profitably, but one crop
“ at a time; several may be crowded on it, but nothing is gained: with grass under trees,
“ this is not so much the case in a hot climate; but even grass is damaged; and it is not the
“ question at present, as they have none; a country to be supported, and in a hot climate,
“ without meadows or pastures, sounds very strange to English ears, and it is among
“ the curious circumstances of these parts, and I am told of the rest of Spain, if they applied
“ to grass the land that is proper for it, they could not possibly have bread to eat; straw
“ here is given instead of hay, and entirely supplies its place; and the oxen and mules
“ which we saw, did not show in the least, by their looks, any deficiency in nourishment.
“ Lucerne is not at all common through the interior parts of the province, and where they
“ cultivate it, it is used green. Maize is sometimes sown merely for its herbage, as it might
“ be, I believe profitably in England, late in the Spring to avoid our frosts; it is one of the
“ most nourishing plants in the world.

“ The consequence of water being so apparent in the province, I could not but attend
“ particularly to their exertions in conducting it, and I conclude that not one acre in twenty,
“ perhaps in forty, is watered, that might be in the flat vales, where canals of irrigation
“ are made at a small expense, a very good though by no means a complete use is made of
“ them; but on the declivities of the mountains, it is necessary to erect a mound of solid
“ masonry across the river, and to cut the canal partly out of rocks, and to support it by
“ walls of stone, as I have seen in France; and having thus diverted a large portion of the
“ water of a river, to carry it on its level along the side of the mountain, as far as it will go,
“ such exertions demand a much greater capital than is to be found upon the lands of
“ Catalonia; it could be done only by a great lord, who knew the importance of such under-
“ takings, who resided on his estate, and whose income was spent in something else than
“ the taste and pleasures of a capital. But leaving such exertions to individuals, who either
“ have not the money, or not the will to employ it, is to perpetuate wastes; it is the king
“ only who can make these efforts: a monarch, who should be determined to improve his king-
“ dom, would presently find the means of doing it; the importance of water is so well known,
“ that if a canal is made to conduct it, the proprietors or farmers of the lands below would
“ readily and speedily make use of it, paying proportionably for the quantity they took; this is
“ the system in Lombardy, and the effect is great; it would be the same in Catalonia, but the
“ capital for the great work of the canal must probably be supplied by the king; if not the
“ whole, at least a considerable portion; such money should be lent to undertakers at a mo-
“ derate interest; exertions of such a nature, with a proper general attention given to these
“ objects, would make them fashionable among the great lords of the kingdom, and fertile
“ provinces would soon be created out of barren and desolate wastes. Arbitrary power has
“ been exerted for ages in efforts of barbarity, ignorance, and tyranny; it is time to see it
“ employed in works that have the good of mankind for their aim. A beginning, and a
“ very good one, is made in the construction of some great roads, on a scale of true mag-
“ nificence, which is never exhibited with such effect as in works of public utility; and
“ whenever the importance of cultivation is well understood in Spain, and the right means
“ of advancing it clearly analyzed, irrigation will then receive an attention that has not
“ hitherto been given; such is the necessity of water for various productions in this climate,
“ that rivers ought to be no more than infinitely multiplied channels, and collected in one
“ stream only, as a reservoir for fresh and repeated deviations.

(True Extracts)

(Signed)

R. RICKARDS.”

No. 3.
Further Remarks
(7 July 1808)
by Mr. Rickards,
on Taxation and
Revenue.

READ the following Minute from Mr. Rickards :

MINUTE.

IN a former essay, delivered to Government on the 24th September 1807, I attempted to develop certain principles connected with the permanent prosperity of social bodies and states, founded on the laws of natural order, and applicable to the circumstances of all civilized societies, in whatever clime or region.

Man, it has been shown, is of necessity a social being; he has abundant wants which others only can supply, and a greater interest in co-operating with his fellows in the common advantages of reciprocal aid, than in the selfish pursuit of exclusively supplying himself: the greater benefits and comforts arising out of this general labour for the use of others, extend the sources of individual industry; industry creates wealth, and wealth again re-acts upon industry by an increase of wants, and the liberal recompense of the labour which supplies them.

The wise ordinations of nature, therefore, cause the greatest comforts and happiness of every society to arise out of the greatest possible use and employment on account of each other:

- “ In age, in infancy, from others’ aid
- “ Is all our hope—
- “ That, Nature’s first, last lesson to mankind.”

It is the union of humanity in one fraternal bond, an universal contribution of mutual assistance, flowing from want on the one hand and supply on the other, and which the positive institutions of human government ought similarly to regard and encourage, as the surest, if not only basis of national prosperity. In this natural order, labour and wealth, the poor and the rich, are equally dependant on, as they are equally and indispensably necessary to, each other; equality of condition, or even that approach to it observable in the greater part of India, is consequently incompatible with the growing prosperity of any civilized community, from being positively adverse to the course and effects of Nature’s laws.

It follows then, that encouragement to the acquisition, and security to the enjoyment of wealth, should be fundamental maxims in the practice of enlightened states; but the only encouragement required is entire freedom; direction, interference, participation, are positive restraints, and according to the degree in which they are exercised, check the production of that superfluity or abundant wealth which I have already remarked to be the only natural fund for the increase of industry, the only natural channel for distributing the comforts, or increasing the enjoyments of life, among the laborious and industrious, *i. e.* the major part of every society, as it is also the only fund from whose progressive increase the Government can or ought to expect any increase of its own resources.

The superfluity or abundance above mentioned is most conspicuous in the existence of great capitalists, and the expenditure of wealthy proprietors; but in all flourishing communities, lesser portions of the same abundance are universally distributed; its aggregate amount being always proportioned to the freedom of acquisition, as the sum of national prosperity is to its general distribution and expenditure.*

It is evident that acquisition alone is not sufficient; for if, as in this country, wealth be hoarded when acquired, from inability to employ it advantageously, or buried from the dread of arbitrary power, it can neither operate in promoting the comforts or industry of the laborious orders, or constitute a productive source of supply to the exigencies of the state.

It must be spent, as well as gained, but its expenditure is also a natural propensity; the possession of wealth is, generally speaking, the possession of so many wants which crave to be supplied, and there should consequently be as little obstruction to its expenditure or employment, as restraint in its acquisition: by free expenditure, the distribution of wealth is enabled to reach the obscurest retreats of society; it then supports, comforts, or enriches all who have the industry or the talent to acquire it, and is most useful to individuals, and most productive to the state, when most generally and abundantly spread.

“Plus les hommes sont en état de consommer, plus ils sont utiles.———Quand on recoit gros, et depense gros, tout va bien.”—(Phil. Rurale.)

Under the impression of these principles, my own mind has been long habituated to ascribe the backward state of all the Indian provinces I have seen, to the want of that wealth, to the very scanty number of the possessors of that abundance by which alone industry can be invigorated, and the comforts of the community at large, or the resources of the state, augmented. I shall confine my present remarks to this part of the subject: other parts may be better separately treated; but in the opinions either now or hereafter advanced, I trust I may not be suspected of designing to reflect either on particular persons or particular acts of our local administration: I solemnly disclaim the intention: the general object of the British Government in India has been, I admit, to promote the prosperity of its subjects; all I would argue is, that encouragement has been hitherto too sparing, or the means of administering it at times mistaken: let me also hope that the agitation of this important question will not be deemed an officious act of public duty, tempted to it, as I am, not by the

* If the institutions of Government have a tendency to restrain the spread of human wants, and consequently the demand for supply, can they be said to be promotive of the order of nature?

the vain expectation of doing it that justice which its importance demands, but from the conscientious conviction that the mere discussion of economical principles applicable to our Indian territories, and their treatment in abler hands, may be productive of vast advantage, as well to the Company's interests in this quarter as to those of their numerous native subjects*.

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Having already submitted it as my opinion, that our system of Indian taxation, alias a heavy consolidated land tax, is the prevailing cause of this universal poverty, I shall briefly recapitulate the general principles of that taxation, and after a few remarks, founded upon existing facts, leave to the decision of the candid how far this opinion may be justly founded; and whether any material progress can be made in the improvement of individual prosperity, or of financial resource, whilst the same system of taxation be persevered in.

In Guzerat the principle of half-produce is known, alias, a tax equal to an actual half of the actual produce of the soil; I beg leave to be understood however as speaking of the principle only, for I believe it is not generally, as indeed it never can be reduced to actual practice in any great extent of territory.

In Salsette the same principle formerly prevailed, taken from our Mahratta predecessors; but very laudably reduced by the Bombay Government to one-third of the actual produce.

In Malabar it was also attempted to be enforced, first by the Mahomedan, and afterwards by the British Government; though the attempt operated most oppressively in many instances, as the records of that province will show.

In the provinces subject to the Madras Government, we have again the same principle. Authentic statements procured from that presidency, give the following rates of assessment:

" The gross produce of an acre of paddy land* may be, for example	-	-	100
" From 10 to 12 per cent. is supposed to be deducted for reaping, cooly, &c.;	-	-	-
" variety of small charges, say 10 per cent. however	-	-	10
		Remain	90

" Of this remaining produce the Government is sometimes entitled to 35, 40, 45, or 50 per cent. according as custom has defined, under local circumstances, the right of the ryots."

The Government share is commonly denominated the gross collections; and the permanent settlement at Madras is founded on these gross collections, or actual payments made into the public treasury on account of Government.

" From the gross collections, for an average of years, hereditary zemindars† have been allowed one-third for charges, maintenance, profit; paying two-thirds to Government, as a rent in perpetuity. Mootahdars, or those who purchase Government estates, or have them bestowed on them, have, as before stated, a reduction of from 11 to 25 per cent. made in their favour.

" When estates, from the recent repairs of tanks or other causes, are known to be susceptible of improvement, the reduction is small, viz. from 11 to 16 per cent.; but when an estate is known to be fully cultivated, and to be capable of little or no improvement, the deduction is greater, viz. from 20 to 25 per cent."

In the preceding statement, the gross collections constitute what may be termed in other countries the net produce of lands, or that portion which farmers or cultivators would be enabled to pay as net rent to their landlords. Of this net produce or rent, landlords, under the Permanent Settlement at Madras (with the exception, as above observed, of some few hereditary zemindars) are only allowed, it would seem, to retain from about one to two and a half-tenths, whilst the remainder, or from about nine to seven and a half-tenths, of that produce or rent, constitutes the Government tax.

In Bengal the Government tax is stated to have been originally calculated at ten-elevenths of the expected rents of estates,‡ leaving of course to the proprietors of such estates only one-eleventh. What pity these rates of division were not, in the first instance, reversed!

The principle of a tax of half-produce seems to have been in force in Bengal previous to the introduction of the Permanent Settlement. It is in fact the assumed basis of all our Indian land taxes; but even here, as elsewhere, the division of produce is stated to vary, and the cultivators to have been responsible for the payment, in some places, of one-half; in others, a fourth, two-fifths, &c.

Even

* "En effet quel danger peut-il y avoir d'agiter et de discuter les matières économiques sous un Gouvernement qui ne désire que le plus grand bien? Que pourroit-on redouter de ces disputes entre citoyens, et qu'en peut-il arriver qui ne soit infiniment avantageux?"

Physiocratie, vol. 4. p. 45.

† "Paddy land is here taken, but all money rents

"rents are founded on the right of Government to a share in the produce. The share of Government is less on dry grain than on wet grain, sometimes not more than 25 or 30."

‡ Some consideration having been allowed for their former manners and state.

† Vide Remarks on the Husbandry, &c. of Bengal, printed in Calcutta, 1804; re-printed in England, 1806.

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Even this variation is a proof that an actual half cannot be universally collected; and it also proves the inapplicability of a fixed rate of tax to a produce of indefinite diversity, independent of the other objections against it here intended to be advanced.

Whatever may be the actual local rates however of collection in different districts, arising out of the above-mentioned established principle, it is evident, and more especially from personal observation of the effect, that the land tax, added to the extortions of those who collect it, is universally exorbitant, and that the situation of the real cultivators is universally that of poverty and distress.* The division of produce leaves him a bare maintenance, Government absorbs the rest. It is consequently evident that no wealthy proprietors can, under such a system, arise out of the agricultural branch of the society; and that even commerce cannot open a very extensive field either to the acquisition or employment of capital, where the far major part of the population are wretchedly poor. It is in a few favoured or eligible spots only that commerce is accordingly found to prosper; the demand it has to supply being limited, its capital and the local employment thereof must be limited also; and it is still more injuriously restricted by the effectual exclusion of all its surplus from investiture in agricultural pursuits.

Encouragement to commerce, that is, a certain degree of freedom from restraint, and from heavy taxation, has therefore produced in India a partial and local accumulation of wealth, perhaps equally or nearly so, to what the impoverished state of the community at large is capable of yielding or supporting; but the possessors of it are comparatively few, in proportion to the very great population of which they are members; and the fatal obstruction to its employment in the purchase or improvement of land, presents us with the curious phenomenon of rich commercial towns situated in territory little better than a wilderness, or in a deplorable and wretched state of cultivation. The transition from the limits of mercantile wealth to the dreary bounds of agricultural poverty, is immediate, since the surplus wealth thus acquired is either hoarded, and therefore useless from want of expenditure, or it is less beneficially employed than the natural propensities of its possessors, and the best interests of society would naturally dictate.†

From what then can this proceed, but from our destructive system of heavy land taxation? Man naturally covets the possession of land, it is an innate principle which all the habits and wants of civilized life tend to strengthen and confirm; but in countries where half the produce of the soil is rated as the Government's share, there would seem to be no room for proprietors, rich or poor, either to enter or to arise; they are positively excluded by the operation of the tax, and of the tax alone Government itself takes the place of the class of proprietors, and by this impolitic act of power, supersedes all the benefits which they alone are

* In the work already quoted, the recompense of a cultivator, at half-produce, is stated to be positively worse than that of a common labourer in the cultivator's field at 2 annas per diem. Page 102.—The remarks throughout this work on the rates of taxation and division of produce, are very interesting and appropriate.

An accurate view of an Indian System of Revenue, is also given in the first part of Reg. I. 1808, of this Government; which, in addition to the division of half-produce, and other levies made by the Portuguese landlords from their tenants, sums up the aggregate of Mahratta taxes in the following words: "So that on the whole there were added by the Mahrattas to the former imposts (meaning the levies of the Portuguese landlords from their tenants) forty-six in money and twenty-four in grain, several of which stand hereafter more particularly noticed;" and in a subsequent section these numerous levies are stated "unitedly to exceed in number 100 distinct heads of taxation," and mostly laid on the direct produce of land. The bare contemplation of this enormous list of taxes, is sufficient to account for the present deplorable state of Salsette, in despite of the better system introduced ten years ago by the present Government, and which was certainly a great and decided improvement of the Mahratta course of administration. In respect therefore to this island, whenever mentioned, I hope never to be understood as meaning to arraign the late measures adopted for its improvement; the principle of Mr. Camac's plan is good, and its effects, no doubt, must have been slowly and partially beneficial: all I would say in this respect, is what is now self-evident, that there has not yet been sufficient encouragement held out to draw to Salsette the overflowing surplus of the commercial wealth of Bombay, and I selected this spot for the experiment proposed to effect it in my former essay, from the

advantage of its situation, and the opportunity it would afford to Government of personally witnessing its effects. The anticipated objects of the experiment, it will be remembered, are briefly these:—Permanency of tenure with removal of tax from the land, and its gradual diminution; consequent encouragement and success to agricultural pursuits—consequently the multiplication of wealth—consequently the improvement of our fiscal resources, and without the least risk of intermediate loss; a reduction of native establishments, the practicability of which is no longer speculative, but proved by actual experience: whence, not only immediate saving of expense, but a blessing to the inhabitants, as great perhaps as the reduction or removal of the consolidated heavy land tax. In short, the plan suggested, may be said to be rather an experimental improvement than a change of the system now in force: the same principles are recurred to as in 1798, only with greater encouragement to the employment and expenditure of wealth; all therefore that is proposed, according to the remarks thereon of a learned and distinguished critic, is only a larger dose of the same medicine, and which the patient may perhaps now be admitted to require. I am even authorized to add, that on the terms of the proposed plan, several natives of the first wealth and respectability in the settlement would immediately take waste lands on Salsette, and employ capital in their improvement. Might not this therefore be the best and most likely method of promoting the Court of Directors views in respect to the cultivation of hemp?

† Vide Appendix (A.) where the checks to commerce and manufactures, as supposed to arise out of our revenue system, are discussed more in detail than could conveniently be comprized within the limits of a note.

are capable of distributing through the other ranks of life, and even cuts short the improvement of its own resources; since the revenue of the state must be necessarily limited by the wealth of its subjects; and taxation, under a system of confirmed poverty, be ever incapable of increase.

Although the principle of a tax at half-produce be very general in India, it may be difficult to state when and where it had its origin. It may, however, confidently be asserted, that it arose out of some violent overthrow of the natural order of societies, and is decidedly foreign to the ancient institutions of the Hindoos, under which, India is supposed to have long flourished; for, first, the erection of a class of landed proprietors, is according to the free course of nature's laws, as certain and evident a consequence of the cultivation of land, as the production of a plant from its seed. The more fortunate, the more strong, or the more industrious among the first cultivators, who were the first proprietors of the earth, would soon extend their possessions beyond their own individual means of tillage. Cultivation by tenantry would ensue; and land proprietors, properly so called, being thus established, would, in the ordinary progress of civilized society and population, naturally become more numerous, more extensive, and more wealthy. That these proprietors formerly existed, and perhaps universally in India, there cannot be the least doubt, it is equally certain that they must cease to exist where the ruling power would absorb all the produce of the soil beyond a bare maintenance to the wretched cultivators. That existence therefore must have been crushed at some later period, and landed proprietors swept away by the torrent of violence, from those countries where this principle of taxation was first enforced.*

Secondly, We are informed that the Mahabharata authorizes "the prince to levy a fifth of the produce of mines, and a tenth of the corn." Menu and other legislators "authorize the sovereign to exact a sixth, an eighth, or a twelfth of the grain, according to circumstances; and a sixth part of the clear annual increase of the trees†." The Institutes of Akber record, that former monarchies of Hindoostan exacted the sixth part of the produce of lands.‡ Under Akber the revenue was settled at a third of the average produce of lands; and in Mr. Grant's Observations on the Revenues of Bengal, the assessment is said to have been limited not to exceed in the whole a fourth of the actual produce of the soil.

In Malabar, we have the authority of the printed Report of the first Commissioners, a work distinguished for its useful and accurate information, to be assured that no land revenue was collected by its ancient princes;§ and that when expensive preparations become

* We have some pretty clear indications of this being the case in the history of the conduct of Hyder Ally and Tippoo Sultaun, towards the Poligars of Mysore and the Landholders of Bednore. (Vide Major Wilke's printed Report on Mysore, Fort William, 4th May 1805.)

† Husbandry, Bengal, page 61.

‡ Vide vol. 1. page 347.—The whole Section here referred to, "of tribute and taxes," is very interesting, and applicable to the present question: it states the rates in Turkey, Iuran, and Iran, to be a sixth or fifth and a tenth of the produce, and gives a detailed account of the Akberian rates of collection from different descriptions of land. The subjoined account, taken from ancient Hindoo works of great repute, was furnished by a pundit in Bombay.

Translate of the conscience of the twenty-fifth stanza, in section sixty-eight of the chapter Shantee Purua, a division of Mahabharat, written by Kiās, which treats on the state policy, and wherein Bheestna tells Rajah Dhuram how much tribute a rajah should collect from his subjects. "One-sixth part of whatever the subjects will produce from their land, and the same to be applied for their maintenance. Then whence shall the rajah get money for his expenses?—I observe, he is to receive one-sixth of the produce of land from his subjects, after measuring the grains, and no more; to levy fines on the offenders as well as on those that become variously vicious, and annoy others, or to conquer the kingdoms of others by his own valour and thus gain wealth: also, to collect customs from the merchants on goods they import by ships, or on bullocks. Through all these means he shall raise funds, thereby to defray his charges and to protect his subjects—not to become indolent himself in pursuing all these measures. The subjects also, with willingness, are to pay the rajah's cess.

Nulcunt Bhat, son of Narayan Bhat, an author of a book, intituled, "Mayookh Darmashatra," or "Religious Institutions," in which he treats on the subject of policy, observes, "that the rajah should show pride, and be compassionate, and receive from his subjects, from year to year, one-sixth part of the produce, and protect them: if this be neglected, he shall be liable to share half of whatever sins they may commit, because he receives tribute from them."—Translate of the paraphrase of a stanza, the author called as inserted in the first chapter of a book written by him, intituled, "Raja Wounee (literally meaning, 'Offspring of Maghoo')." "The rajah, for the purpose of doing good to his subjects, shall collect from them one-sixth of the produce." The author adds the following simile: "That the sun attracts water, and pours down seasonably, a thousand times more than the attracted quantity as the people on the earth want; so the rajah, having received a sixth part of the produce, ought to expend a thousand times as much for the defence of his subjects."

§ It is remarkable, that the practice of the Malabarians has in this respect a striking coincidence with a Jewish ordinance. The Malabar rajahs have from time immemorial possessed landed estates, from which to support the princely dignity; and, as noticed in the text, exacted no land tax from their subjects. In the divine commands, through Ezekiel, to the Jews, on their prophesied restoration to the land of their fathers, we find the following injunctions in respect to their princes, chap. xlv. verses 7 & 8: "And a portion (of the land) shall be for the prince, &c. &c." (describing its situation and extent.)

"In the land shall be his possession in Israel: and my princes shall no more oppress my people; and the rest of the land shall they give to the house of Israel according to their tribes."

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come necessary against apprehended invasion, they only exacted from the landholders a fifth of their produce. This information is the more valuable, as the aboriginal laws and customs of the Malabarians seem to have been preserved unimpaired from time immemorial, down to the subversion of their principalities and government in 1766, by the power of Hyder Ally, and must have had some reference at least to the established usages of surrounding countries.*

In Guzerat it is also ascertained that no such principle was in general force, up to the period of the Mahomedan Conquest; and that even after the introduction of the Mussulman power, the Grassia landholders successfully resisted, as they do to this day, the payment of any such tax; and,

In Salsette, authentic records are still extant to prove, that it was neither adopted by the Portuguese Government. A statement now in my possession, procured from the records at Goa, exhibits the whole of the land revenue derived from the island by that government as amounting only to 20,000 purdaws, or about 10,000 rupees per annum; whilst the lands were given up in undisturbed and undivided possession to individual proprietors, who thus became numerous, respectable, and wealthy.

If therefore the principle here discussed, shall be neither found to be sanctioned by the old legal institutions of the country, or by the natural established order of societies; and if violence, or the effects of despotic power, be its probable origin; it will I hope be allowed no claim to the privilege of being perpetuated in the civil institutions of a just and moderate government, merely because preceding conquerors had enforced it. Precedent, prejudice or prescription, the common motives of human actions, may very properly sanction in established practice what is right; may even justify what is indifferent, but can never excuse what a candid examination at the shrine of reason would prove to be decidedly wrong. Unconsciousness of evil may indeed be some excuse for errors from precedent; but to err with our eyes open is an unjustifiable aggravation of injury†.

That the principle of a tax of half-produce owes its origin to violence, to conquest, or the more gradual oppressive exercise of despotic power, is rendered still further probable from the circumstance of our having several traces of the division of half-produce being the rate adopted between landed proprietors and their tenantry or cultivators: we know it existed on Salsette, during the time of the Portuguese; it still appears to obtain in the Bengal provinces under the Permanent Settlement; it is probable therefore the principle may have been formerly more general; and on the annihilation, or expulsion of proprietors, it would be but natural for the despot who took their place, to appropriate also to himself their share in the produce of the soil. This was actually the case on Salsette, when the Mahrattas took the island from the Portuguese. The conquerors adopting the principle of a tax at half-produce (which was before this the landholders share only, not that of the displaced Government) the class of proprietors soon disappeared, and in Malabar (independent of the violent expulsion of the whole class of landholders by the Mahomedan power) many instances came within my own personal knowledge, of landed proprietors, after their return under our Government, abandoning their estates to their farmers, desiring them to be responsible for the required revenue, in consequence of our local officers having been enabled partially to enforce the same tax.

But the rate of division between proprietors and their tenants, is a very fallacious ground of assumption in behalf of a Government tax, since the rent of an estate paid to a landlord, and a land revenue paid to a government, are entirely and essentially different both in their nature and effects; for,

First, Every contribution to a government is a gratuitous payment, whence the contributors of a tax give so much of their money for nothing; the payment of revenue therefore is in the first instance a dead loss to the contributors.

But

Chap. xlv. v. 18. "Moreover the prince shall not take of the people's inheritance by oppression, to thrust them out of their possession; but he shall give his sons inheritance out of his own possession: that my people be not scattered every man from his possession."

It would seem from this latter verse, too, that the prophet clearly foresaw both the advantage and absolute necessity of restricting the prince and his posterity to their own prescribed inheritance, lest the scattering of the people from their possessions, should be, as he well knew, the intallible consequence of the sovereign becoming general or universal proprietor of the soil; and as is so clearly exemplified in most of the modern Governments of India.

* In Travancore, Canara, Coorg, Bednore and Bullum, we have at this day recorded knowledge of

of the existence of the same individual right of property in the soil, as in Malabar; and probably the same usage formerly prevailed in respect to taxation, though there is always this difference between the two; viz. that the right of property is more likely to be permanent, being only tangible under great revolutions, whereas the rates of taxation may be ever varying, according to the necessities of the prince.

† "Il y a des préjugés" (says the eulogist of Descartes, in allusion to this very subject, the then rising science of physiocracy) "non moins puissans qu'universels, et il y a des coutumes et des opinions funestes, et qui n'ont cessé de paroître telles que par l'empire d'habitude. Les hommes réfléchissent si peu, qu'un mal qui se fait depuis cent ans leurs paroît presque un bien."

But the payment of rent is a contribution for actual value received, it is the return in value for the use or loan of a valuable property; or it is the interest of a capital sum either paid in the original purchase, or subsequent improvement of an estate, and which sum has been actually sent abroad, or distributed in promoting the comfort, the industry, and the wealth of the society at large.

Secondly, The aggregate amount of revenue is chiefly divided into small stipends or salaries, the expenditure of which has very little influence on the industry, and consequently on the comforts and wealth of the society. Of those deriving large salaries, from which they still only accumulate fortunes in a long series of years: few or none remain to expend them in this country.

But the aggregate amount of rent contributes immediately to the elevation of a class of wealthy proprietors in the state, whose expenditure, as has been already repeatedly shown, is the only natural means of stimulating general industry, and of promoting the general wealth and comforts of the society.

Thirdly, The amount of revenue is often expended on purposes foreign to the promotion of industry, and at a distance from the place of its collection; not unfrequently, in foreign and even inimical countries.

But the rent of resident landed proprietors is always expended in the promotion of individual and domestic industry, and chiefly on the spot.

Fourthly, Proprietors and their tenantry are left to a reciprocal view of their own interests in arranging their respective terms of tenure. In the natural order of things, both the one and the other would of necessity be equally consulted.

But the division of produce between a Government and its cultivators, must as necessarily be almost always arbitrary; whence we find the interests of one party only considered, and those of the other almost wholly neglected.

Fifthly, The local experience of resident landed proprietors, and their own private interests, naturally suggest the most advisable measures for improving the produce of their estates, which is most effectually accomplished by improving the condition and resources of their farmers; and the natural impulses of humanity establish an intercourse of kindness and assistance between a lord and his dependants, which the latter can never experience or expect from personal intercourse with a government. Its local officers have no interest in local improvements, but a manifest one in local exactions for their own benefit: in the first case, the interest of the proprietors and tenant are co-operative to the same useful end, and the public good is promoted; in the latter case, the interests of the local officer and tenant are decidedly at variance, and the public good is effectually frustrated.

In short, it would seem to be impossible for a government in any way to occupy lands to any useful end; both the possession and the cultivation of the soil is the exclusive business of subjects, and should be surrendered to them, unrestrained interference on the part of the prince, is an infringement on their rights, their privileges, and their duties: in India it has even extinguished a class in the order of society, without which no society can materially improve*: it is foreign to the object of protection; a clear violation of the order of nature; and we need be no longer surprised at its militating no less against individual prosperity, than against the amelioration, when required, of the resources of the state.

Under the Permanent Settlement (I speak with deference to the distinguished and acknowledged abilities of its authors,) the case does not appear to me to be much altered; the lands are divided into private estates, and of the former gross collections, or of the Government's share of produce, an eleventh, a tenth, or some other minute portion, is either given up, or sold to a proprietor: on this principle no proprietor can be rich, without possessing an estate equal to a principality in extent. Those who have estates only suited to their own capacity of superintendence and controul, must still be poor, and poor proprietors can neither improve present cultivation or extend it to the waste lands of their estates, the more especially if the demand for produce be already fully supplied. The miserable modicum of a proprietor's share, will naturally drive him to seek the improvement of his own circumstances, by trenching on the portion or rights of his helpless cultivators; the proprietor may often be a harsher task-master to his tenant than even the local officer of Government; his object will be to gain the utmost farthing from his estates, that of the tenant to oppose it: there can here be no communion of interest, or any thing better than the cunning of weakness struggling against avarice and power; and instead of that confidence and mutual assistance, which a satisfied dependence on each other would inspire, we may too often find nothing but distrust, aversion, and hate.

That this is the case in districts where the Permanent Settlement has been introduced, I have seen vouchers of unquestionable authority to prove. The barramah, for example, is represented to be in this state. In Bengal the same effects are also stated to be experienced. The land-holders paying ten-elevenths of the rent of estates to Government, rack-rent their lands to tenants, to the great injury of agriculture, and ultimately indeed of themselves; and that this is owing to the heavy land tax, can hardly be doubted, when we are informed by the same valuable author, that the tenantry of the "free lands, in the same provinces, are considerably better off.†"

* "En épuisant les riches vous affamez les
"pauvres, que les riches seuls font vivre."

Phil. Rur. vol. 1. page 321.

† Vide work already quoted, chapters iv. & v.

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That Bengal may be in a state of slow progressive improvement, is very probable, and the respectable authorities from which this assertion has often proceeded, leave no room to doubt the fact; but it may be more difficult to admit the Permanent Settlement, on its present footing, as the efficient cause. The long-continued tranquillity of the Bengal provinces, their great fertility, the general security to property, and, in some cases, the freedom of its employment; a moderately taxed commerce; and though last, not least, the great extent of free lands in Bengal, said to be one-eighth of the whole cultivated area,* and the wealth thence produced; are all sources of energy that would lead to partial good, in despite of the restraints and obstructions arising out of a heavy consolidated land tax. But that the prosperity above admitted, is at all owing to the introduction of a permanent tax, averaging 10-11ths of the rent of estates, is utterly inconceivable to me.†

Indeed the reverse, from personal observation and experience in the revenue affairs of this country, is the impression of my mind; and it is the conscientious conviction thereof, and no other motive, that leads me to covet the present discussion. Under the heavy land taxes now in force, I repeat it to be impossible, in my humble opinion, for wealthy proprietors ever to arise in sufficient numbers to constitute a source of general prosperity. The system not only extinguishes one necessary class in society, but materially affects the condition of the other cultivators, who, reduced to a bare maintenance, are deprived of every spark of enterprise. Poverty, without a prospect of relief; bad husbandry, without the possibility of improvement‡; are the natural consequences. Tenants disheartened and depressed, yet prompted by necessity to the cultivation of the soil, naturally content themselves with portions of land sufficient, after the discharge of rent or revenue, for their own and families support: hence the origin of small farms, or tenures, and the deplorable subdivision of lands amongst a wretched inefficient population, to whom increase of numbers is only increase of misery. Here we may also see equality of condition exemplified, as perhaps it only can be, in equal poverty; a people of few wants, and those nearly supplied to each individual by his own exertions; of little use, and therefore as little dependent on each other; a poor and languid internal commerce, few comforts, little satisfaction, indifference to life itself, and no attachment to the Government, under which the far greater part may be said to drag on an approximation even to brutal existence.

Whatever may have contributed to this complication of evil, Government has at all events the power to remove it. It would be erroneous to say, that the natural indolence of the people is the cause of their degradation, for we have ample proofs, especially in the free commercial towns, that this imputed degree of indolence is not characteristic of their nature. If they are habitually idle, drunken, lying and deceitful, these qualities, it should be

* Vide same work, page 17.

† The numerous advertisements contained in the Calcutta Gazette, of estates to be sold to discharge revenue demands, cannot be deemed a proof of the prosperous progress of the Permanent Settlement, however much Bengal may be admitted to prosper in other respects.

According to the elements of the French economists, a "Nation Agricole," as Bengal certainly is, of 120 million arpens (Bengal, including Benares, contains, I apprehend, about 105 million acres) and containing 30 millions of inhabitants, as Bengal is supposed to do, ought, in a state of prosperity, to yield a gross produce (at 24 livres per pound sterling) of £. 265,300,000, of which £. 83,333,330 would be product net, or the net rent of landed proprietors and two-sevenths of the latter sum, or £. 23,809,524, would be the public revenue.

Whether Bengal, under the present system, is in a fair way of reaching this possibly attainable degree of prosperity (for the calculations of the economists have been too much respected for the last 50 years, to be now deemed altogether visionary,) those who are best acquainted with its local means, will best judge. In the work already so often quoted (vide, pp. 24, 25) the gross produce of lands in Bengal is estimated at Rs. 329,130,000, whether siccas or current is not mentioned; if the former, at 2s. 6d. we have £. 41,141,250 sterling; and if the latter, £. 32,913,000 only, as the gross produce of what is always represented as one of the finest countries on earth. The revenues of the same territory are, I believe, about eight million. According to these data, the gross produce of Bengal, supposing it at thirty-two millions sterling, is not one-eighth part, and the revenues about one-third of the sums calculated upon by the economists.

What is still more remarkable is, that on these data, the whole annual gross produce of the lands in Bengal, does not equal even the annual revenue of Great Britain, a tract not half the size of the former; inferior in natural fertility, and not containing probably more than one half of its population.

‡ There is no principle better established, than that agriculture is most effectually improved and promoted, both as to quantity and species of produce, by means of enterprising farmers possessing adequate capitals of their own; of men in short capable of making those primitive and annual advances, according to the language of the economists, which a perfect cultivation necessarily requires. The vast observable difference between the cultivation of rich farmers, and that of the wretched metaying system in Europe, has been so often elucidated, as to require no other notice here, than merely to bring to recollection, that the system of India bears a resemblance to the latter, as before noticed; and that the similitude holds among other points, in the annual advances required to be made to the poor metayers and cultivators, who are often in this country alike unable to cultivate without them. In some districts, these advances are made by money-lenders, and are of a most ruinous description; cultivators have been known to borrow money for the season at 30 and 40 per cent. to be paid principal and interest out of the coming crop. The tuckavy advances of Government, to be returned with common interest, is another species, and proves likewise the want of adequate means to cultivate with due effect. The state of our cultivated lands exhibits in consequence, very generally, but a poor and imperfect husbandry, which cannot be expected to be improved under systems thus tending to confirm the poverty of the cultivating class.

be remembered, are the peculiar vices of poverty, the natural consequence of helpless debility reduced to the daily necessity of opposing fraud and cunning to the unjust and unreasonable extortions of power. In morals as in physics, there is no effect without an adequate cause; and we have no authority from reason, from experience, or the history of the human mind, to ascribe vices, the apparent consequence of a vicious system, to innate and irremediable depravity. From contemplation of the Indian character, particularly that of the Hindoos, there is on the contrary every reason to anticipate their moral improvement, with the improvement of their physical situation, and the refinements both in manners and education, which this happy change would superinduce; but the first step towards this improvement must be taken by Government itself. Let the field of industry be thrown open to all: let the sovereign withdraw from all interference in the rights, or participation in the proper functions of his subjects, and patiently await the acquired wealth of the latter, ere he attempts to enrich himself: let him revert to the original dignity of his intended office, which consists more in protection than interference; and in estimating the nature and duties of his tutelary authority, let him remember, that the children of his care require no other protection than the security of their rights and properties, no other encouragement than the utmost possible freedom; and that the surest road to universal prosperity, is the most unrestrained course of nature's laws.

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“ La justice divine qui reprouve les méchants, n'a accordé qu'une autorité tutélaire aux puissances qui gouvernent les nations. Si elles sortent des bornes et du ressort de leur institution, elles violent l'ordre naturel de la loi suprême, et ne sont plus que les instrumens du disastre general et de leur propre dommage, toujours englobé dans le dommage public.”—(Phil. Rurale, Vol. 2. p. 106.)

Bombay, 7 July 1808.

(Signed) R. Rickards.

Appendix (A.)

From the following view of the internal commerce of Bengal, an accurate judgment may be formed of its nature and extent in other parts of India:—“ The languid state of internal commerce, inferred from the circumstances above mentioned, is confirmed by the review of the commodities which it exchanges, and by the estimate of their amount. The exportation of grain from ear districts, and the return of salt, constitute the principle object of this trade. The importation of cotton from the western provinces, and the exchange of tobacco for butternut, together with some sugar, and a few articles of less note, complete the supply of internal consumption. Manufactures are almost limited to the wants of their immediate neighbourhoods, excluding from this consideration the provision of the public investment, and the calls of foreign trade; piece-goods, silk, saltpetre, opium, sugar and indigo, pass almost wholly through the Company's hands, excepting only what foreign commerce, and the traffics of various ports in India, export of such among these articles as the Company do not monopolize.” (Remarks on Husbandry and Corn.—Bengal, page 168.) In a subsequent paragraph, this commerce is estimated at about 8 or 10 million per annum, we may add million for the external commerce, and this constitutes the state of productions and of wants of about 27 or perhaps 30 million of people, in avowedly the richest provinces of the British dominions in India.

It might lead to very useful results to compare these amounts with the estimated value of English commerce and produce, and more in detail than I have the means at present of accomplishing. One record states the value of exports and imports of Great Britain, in 1802, at about 79 millions; another record values the annual produce of the lands (which may give some idea of the value of the internal commerce of the country) at 70 millions. In India the annual revenue collected from at least 50 millions of subjects, is about 14 millions sterling; whilst in England the annual and permanent taxes of 1804, raised from 14 or 16 millions of people at the utmost, yielded upwards of 33 millions sterling. Even this imperfect picture exhibits a striking difference between a poor people of overgrown numbers and fettered industry, and an efficient population far less comparatively numerous, enjoying freedom of exertion, though still not altogether unobstructed in the course of nature's laws.

In viewing the progressive political state of both countries, the contrast is equally striking. The History of Great Britain, from the Revolution to the present day, exhibits a nation advancing in efficient population, in commerce, in agriculture, in arts, in science, and in the accumulation of vast wealth, in despite of the bloody and expensive wars of King William, Queen Anne, and the Georges, and in opposition to a heavy load of public debt, increasing in each reign with the national resources, till in our own times, exceeding 600 millions: it still leaves Great Britain the richest country of the same extent on earth, a population nearly doubled, and a revenue raised from 2 millions in the reign of King James, to more than 16 times that amount in present times, as the following Statement will evince:

STATEMENT.

	Value of Exports.		Revenue.	National Debt.	
	£.		£.	£.	
In - - - - 1669 - - - -	2,043,043.	{ King James II. }	2,061,856.	King Wm. borrowed -	44,100,79
Revolution - 1688 - - - -	4,086,087.	{ Income up to 1688 - }	4,249,759.	Repaid - - - -	34,034,01
Last year of William III. 1700-1-2 -	6,045,432.	{ Average of King }	4,415,360.	Remained in 1702 - -	10,066,77
Wars of Queen Anne, 1709, 1712 -	6,868,840.	{ William's Income - }			
First of George I. 1713, 1714, 1715 -	7,696,573.	In 1707 - - - -	- - -	In 1711 first funded -	9,471,32
First of George II. 1726, 1727, 1728 -	7,891,739.	In 1708 - - - -	5,272,758.	On 31st Dec. 1714 -	50,644,30
Peaceful years, - 1736, 1737, 1738 -	9,993,023.	In 1709 - - - -			
		In 1710 - - - -	- - -	In 1728 - - - -	51,028,43
War of - 1739-1740-1741 - - - -	8,870,499.	- - - -	- - -	In 1738 - - - -	46,661,76
Peace - 1749-1750-1751 - - - -	12,599,112.	- - - -	- - -	In 1749 - - - -	74,221,68
War of - 1755-1756-1757 - - - -	12,371,916.	- - - -	- - -		
First of George III. 1760 - - - -	15,781,175.	- - - -	- - -	In 1762 - - - -	146,682,84

In 1783-4, the whole Revenue paid

- - - - 1770 - - - -	15,996,569.	Into the Exchequer	12,995,519.	In 1775 - - - -	135,943,05
War - - - 1780 - - - -	12,624,372.	1785-6, D° - D° -	15,397,471.	In 1783 - - - -	212,302,42

1792, Net Produce of Annual

- - - - 1790 - - - -	20,120,120.	{ and Permanent Taxes about }	17,000,000.	In 1793 - - - -	227,989,14
- - - - 1800 - - - -	43,152,019.	1800 - D° - D° -	25,000,000.	In 1801 - - - -	400,709,83
- - - - 1802 - - - -	48,500,663.	1803 - D° - D° -	31,000,000.	- - -	- - -
		1804 - D° - D° -	33,000,000.	In 1804 - - - -	434,162,62
				In 1807 - - - -	640,756,00

Whole Value of the Kingdom, according to Gregory King, in 1688 - - - - £. 650,000,000.

Estimate Value of the Capital of the Kingdom in 1804 - - - - £. 1,200,000,000.

Yearly Income of the Nation - D° - D° - 43,500,000.

Mr. Pitt's Estimate of the Annual Income of Great Britain - - - - 102,000,000.

Population, according to - - - D° - D° - Souls 5,500,000.

Latest Enumerations - - - - Souls - 9,300,000.

The preceding Statement is compiled from various records, but chiefly Chalmer's Estimate. In the intervening years, which I have not given, it is both curious and satisfactory to remark, that whenever wars occurred to depress the exports of the kingdom, they invariably rose on the return of peace, to an amount exceeding that of former prosperous years, a fact that may be admitted to prove that the sources of prosperity pervaded every branch of industry, agriculture, manufactures and commerce, which thus rebounded, after every pressure, with redoubled strength of spring into fresh and increased vigour. Mr. Chalmer's Chronological Table of Exports is of itself an interesting and instructive document, not only from the striking contrast which it exhibits of the opposite effects of war and peace on national prosperity, but from showing also, when compared with the principles of national government, what incalculable wealth and strength are capable of attainment by a people of free exertions and pursuits, of free and unrestrained industry.

In India the scene is different, and the result less brilliant; a series of wars, far less expensive than an European contest, leaves nothing to the boast of pride beyond a dangerous, if not ruinous extent of overgrown dominion. In provinces long possessed, or subsequently acquired, no material improvement is observed of any thing deemed advantageous in civil polity; and no increase of resources, except what may be said to result from extended conquest: but increased revenues, still alarmingly short of that indispensable expenditure which conquest never fails to entail, can neither be esteemed a public or a private benefit; and a debt of 30 millions only, threatening the Government of at least 50 millions of people with irretrievable ruin, is certainly a proof of want of due encouragement, in other words, of sufficient freedom, to industrious pursuits; a proof that the land and labour of our Indian possessions have not been rendered so productive as those of the

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mother state at any given period here adverted to, and that the fault is not ascribable to nature, since our population is comparatively more numerous, and the fertility of our lands not to be exceeded by any other equal extent of the habitable globe. It is therefore inferable, though we have possessed extensive provinces for half a century, that a new era in India yet remains to be commenced, in which, as Judge Blackstone pronounces of the epoch of the Revolution, "prerogative and liberty may be better defined, the principles of Government more thoroughly examined and understood, and the rights of subjects more explicitly guarded by legal provisions." (vol. 1. page 213.)

So true also is the remark of another celebrated author, that "by means of industry, the heaviest burthens seem light; by the influence of sloth, the slightest duty appears intolerable."

But if commerce, according to the economists, is nothing more than an exchange of the productions, natural or manufactured, of the earth, how can it be extensive when these productions are limited? Or, considering commerce to be regulated, as it really is, by the state of human wants, what internal commerce can there be amongst a people who have scarcely any wants at all? An agricultural population, paying a tax of half-produce, will dispose of their annual surplus to realize funds for payment of their revenue; the remainder, affording them a bare maintenance, requires but little aid from internal commerce, for being fed from their own cultivation, they have but little, very little left to exchange. This is evidently a state of very limited wants, in which commerce can hardly be expected to thrive.

The surplus produce, however, of cultivation, wherever it exists, constitutes wealth, and that wealth is yearly renewed; the question at issue, then, is, whether it be most for the public good, that this wealth should immediately pass into the hands of rich proprietors, or be distributed among the poor stipendiaries of a still poorer Government, overwhelmed with difficulty and debt. In the first case, it is evidently capable of incalculable increase, of incalculable improvement of the public revenue, and of incalculable advantages to the community at large, from its universal distribution and expenditure. But in the latter case, the wealth that is produced passes in its expenditure through various less useful and less productive channels, and is accumulated in certain proportions into the hands of commercial agents, where the aggregate amount, though it will continue to circulate and enrich various individuals, seems incapable of useful increase or advantageous distribution, with regard to India, and for these reasons; viz. because that class in the society through whom alone productions and consumption can be most effectually increased, is utterly extinct; much, probably the major part of the surplus wealth accumulated in commerce, quits the country never to return; and even the channel to the increase of productions, by means of that which remains, is obstructed.

Indeed, under the peculiar system here discussed, it is even probable that if the exported surplus were, from other circumstances, compelled to remain in India, it would absolutely stagnate from wanting means of lucrative employment; in other words, that it would be very difficult, if not impossible, to find employment, under the present state of things in India, for all the capital which a profitable external trade is capable of accumulating; and as this one fact, if true, may tend to elucidate more fully the various checks to progressive improvement, which are conceived to be in existence and in force, a little further digression on the subject may not be misplaced.

Doctor Smith has observed, that the principal improvements of agriculture, in all the modern states of Europe, though contrary to the natural order of things, owe their birth to the surplus accumulations of merchants, manufacturers, &c.; and the same effects, it may be inferred, ought to be produced in this country, from the similar overflowings of commercial gain; but there is this wide difference between the commercial and political state of Europe and India, separately considered. In Europe, the course intimated by Doctor Smith, is perfectly correct and clear, for, as he himself observes, "in all the great countries of Europe, much good land still remains uncultivated, and the greater part of what is cultivated, is far from being improved to the degree of which it is capable. Agriculture therefore is almost every where capable of absorbing a much greater capital than has ever yet been employed in it." As the policy of Europe does not, moreover, positively obstruct such employment, it follows that there has ever been a channel open for all, and even more than all the surplus capital of European commerce, to force the increase or improvement of agriculture. All the countries of Europe can boast a class more or less numerous of wealthy landed proprietors; they have all been more or less in a state of progressive improvement, the demand for labour has consequently increased, consequently efficient population, consequently consumption, consequently productions, consequently commerce and commercial capital. The freest and most industrious commercial nations (England and Holland for example) have been the greatest accumulators of the gradually increasing wealth thus produced either at home or abroad: their prosperity and resources have gone on to flourish, because there has been no positive obstruction to the employment of their increasing accumulations in any of the different branches of human industry; and the prosperous state of these, increasing the demand for productions, has of course forced agriculture to supply it. There has been no positive obstruction (although certainly more advantageous in some states than in others) to the direct employment of capital in agriculture itself, in which line it is admitted and proved that the same sum of capital will put in motion a greater quantity

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of productive labour, will add more to the annual produce of the land and labour of the society, than in any other. There has therefore been no positive obstruction to its employment in that very channel in which it is capable of promoting efficient population, consumption, productions and commerce, wealth and revenue, human wants, and the means of supplying them, in the highest possible degree.

This seems to be a clear connecting chain of causes and effects; but in India it must be kept in mind, that none of the different branches of human industry, external commerce excepted, either in our own countries or those around us, are in a state of progressive improvement, or if they are, it is so very slow as to be imperceptible; there is therefore, as far at least as regards those countries generally, no greater demand for labour in one year than in the former, therefore no increase of efficient population, or amelioration of the circumstances of that which exists, therefore no increase of consumption, therefore no increase of productions. Now if productions are not increased, commerce, which only circulates them, must in the aggregate be equally limited: it cannot circulate commodities which are not brought into being; the sum total of the capital employed in it, will therefore remain stationary also; the sum total will not increase, although the private capitals of individuals will, in those few, free, and industrious commercial towns where the productions that are annually brought into being, continue to be more and more accumulated: but in these few towns, it may be added, and must be admitted, that the demand for labour, efficient population and consumption, all increase; so far means are afforded for the employment of increased capital, and so far also may it indirectly force an increase of productions to supply extended wants, and doubtless does so: But these are very narrow limits, compared with the possible augmentation of wants throughout the whole extent and population of the territories of India; yet to these narrow limits is our increasing prosperity apparently confined, and consequently the means of employing increased capital, for the impediments to its employment beyond these bounds, would seem to be absolute, to be almost, if not wholly insuperable.

It cannot, for example, be employed in countries where the public tax absorbs all the produce of land, except what is barely necessary for the maintenance of the cultivating class: in such countries capitalists will not even attempt to force agriculture, at all events beyond the limited extent above adverted to, for they would rather bury their wealth than employ it to a loss. It is therefore evidently checked, if not wholly obstructed, in that very channel which of all others is most conducive to private and public prosperity.

They cannot employ it either in the increase of home manufactures, beyond the very limited increasing consumption of wealthy towns; the Indian demand for these manufactures being otherwise, I apprehend, as stationary as the apparent state of their annual produce and of the industry employed therein; while the European demand is supplied through other hands, and, according to the published statements of sale in Europe, is likewise stationary, or nearly so. Indeed in this branch of industry there would seem to be a deplorable want of capital every where; with clumsy wretched machinery, its commodities are almost universally supplied on advances from the immediate purchaser to the labouring manufacturers; and there cannot be a stronger proof of the poverty of the whole manufacturing class, if not of the internal traffic and population of the country generally. This too, be it remembered, is the second most advantageous channel for the employment of capital, which in India seems almost incapable of attracting any.

It has been already shown, that increased capital is unlikely to find employment in the internal trade of the country, or of the retail trade, except within the limits of the aforesaid commercial towns; for all without is stationary, and unconquerable poverty.

There only remains, then, the external commerce of the country, which is admitted to flourish partially; and if the capital accumulated therein should increase, as I apprehend it must do, beyond what is requisite to support the increasing prosperity of the few towns which engross this branch of industry, the overplus must, as before observed, either stagnate or seek employment in more distant and less fettered regions. If the obstructions to its domestic employment were removed, the same reasons which Doctor Smith gives for the capability of agriculture to absorb a much greater capital than has ever been directed to it, would apply with more force to this country than to any part of the European world; and if the agricultural channel only were but once freely opened, all the others would of themselves naturally and necessarily expand.

Should this reasoning thereof prove correct, it will satisfactorily account for a gradual increase appearing in the returns of the external commerce of Calcutta, Madras, Bombay, &c.; the result of wealth annually and locally accumulated therein; while the stationary state of our agriculture, manufactures, and internal traffic, proves the accumulation to be of little use to the community at large, from want of internal employment and expenditure, and of as little use to the state; which is still unable to relieve itself from the pressure of a comparatively trifling amount of public debt. It tends to verify another observation of the celebrated author above referred to; that capital, employed in the trade of exportation, has the least effect, of any of its aforesaid employments, in supporting productive labour, or adding to the amount of annual produce. It is peculiarly the case in this country, where the exported surplus produce of our different provinces, is not chiefly, as in European states, exchanged for other commodities more in demand: were it an exchange of commodity against commodity, it would be here, as elsewhere, beneficial in the support of productive industry to the extent of this exchange, and employ a proportionate extent of capital: but in India a very considerable proportion of this surplus, consisting principally

principally of rude produce, is exchanged for money, wherewith to pay the Company's revenue; and this money, constituting for the most part a bare subsistence to a horde of poor public servants, is chiefly expended to procure the same rude produce for daily nourishment and support. So far therefore as this branch of commerce only goes to the exchange of rude produce for money, and of this money for rude produce again, it only sets in motion half as much industry (or perhaps less) as it is evidently capable of in other free countries; it gives employment only to a single, instead of a manifold capital, and exemplifies another striking check to the production of commercial wealth, and the consequent improvement of national resource, wholly ascribable to a vicious revenue system.

Here then again is a state equally adverse with the former to the increasing prosperity of our internal affairs. Commerce, wealth, industry, agriculture and the public revenue, have a stationary limit, a barrier of most difficult, if not impracticable passage, and which plans, expedients or regulations, will in vain attempt to remedy, save only the simplest and best of all regulations,—entire freedom to every branch of individual industry, re-established at once the class of landed proprietors, effectually, not nominally; and when productions, the real riches of all countries, are thus freely called into existence by the wants of a wealthy people, and allowed at the same time the utmost liberty and facility of exchange, commerce, as the natural agent in the business of distribution and supply, will be found to require neither rules, prohibitions, or privileges, to promote its increase.

Bombay,
7th July 1808.

(Signed) *R. Rickards.*

No. 3.
Further Remarks
(7 July 1808)
by Mr. Rickards,
on Taxation and
Revenue.

The Governor delivers in the following Minute, with three Accompaniments; on the subject of the Papers above recorded from Mr. Rickards.

PRESIDENT'S MINUTE.

1. THE letter from Mr. Rickards, of the 24th of September last, together with that gentleman's Essay on Taxation, have lain by me thus long, chiefly because it became in consequence necessary to enquire into the progress of the settlement that had been authorized in the island of Salsette. Such have occupied during several months the short intervals of time I had to devote to that object, and which not being got through before the departure of the last ships, it was understood that the papers on this important subject, should certainly proceed to our superiors by the first ensuing dispatch, for which purpose they are now delivered in; at the same time that from the speedier departure of the present convoy than had been expected, I can by the present opportunity submit only a few general observations on those by Mr. Rickards, reserving the further remarks I may have to make respecting the means of improvement to Salsette, for the purposed departure of the Teignmouth.

2. The impression I have received in perusing Mr. Rickards's Essay on Taxation is, that it purports to apply the rules of European, to the widely different state of Indian society, such as may in many points of view be found difficult to assimilate, if not hazardous to treat of, as depending on a common principle.

3. Thus, in his 58th paragraph, this gentleman shows, that in England, from barley alone, and its modified products, a revenue was not many years since derived to the British Government, of £. 3,503,422 sterling, whereas the whole land-tax of England does not, he observes, produce annually more than about £. 1,900,000, of which no great proportion can be considered as at all referable to the produce of barley; admitting which to be the case, it does not follow that in India any like circumstances could ensure the same result, until at least the tastes and nourishment of Englishmen became those of Indians. There is no want of barley cultivation within the Company's territories, but the natives do not convert it into the products on which the excises are established in England, and the cases admit not therefore of accurate comparison, farther than to evince that the taxes noticed in the 60th paragraph cannot be, in India, carried even to the height to which this part of Mr. Rickards's argument adverts, unless the manners of the great body of the people be first entirely altered.

4. Whether or not the principle of the French economists, of laying all the taxes on the land, be, as noticed in Mr. Rickards's 61st paragraph, erroneous or otherwise, it is certainly conformable to the prevalent system in India, nor is that theory supported by the French alone, but by respectable authorities in England, who contend, that all taxes fall ultimately on the products of the soil, and that in advancing a different doctrine, the eminent author of the Wealth of Nations, is at variance with himself, inasmuch as his previous data lead to that conclusion.

5. With respect to Mr. Rickards's application of the principles in his Essay to the present state of Salsette, I refer to the printed regulation on that subject, entered on the proceedings of the 24th of February, which will show, that some alterations have immediately taken place, particularly in the abolition of the several farms, whence, exclusive of the article of mothurfa, which may perhaps still require revision, I am not aware of any remaining head of collection that presses with undue weight on the inhabitants, provided the experiment last year introduced of a new administration for the late tobacco and liquor-farms, shall be found to answer their object; which remains to be determined.

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6. With respect to the alleged objectionable clause in the cowles, or proposed deeds of property, as adverted to in Mr. Rickards's 67th paragraph, by which I understand to be meant, that they are (though erroneously) supposed by the natives to be revisable every ten years, with a view to an increase on the rentals, I rather impute more of them not having been taken out, to the causes adverted to in the clause 3d of Section XLV of the above-mentioned Regulation, and particularly to the last of them, as seems also supported by the petition presented by several of the natives of Salsette to Mr. Rickards, forming the voucher D. among the accompaniments to his plan: added to which, the Secretary's fee established on these deeds was, I am now convinced, by far too heavy for the slender means of this numerous body of agricultural peasantry, and should therefore be either altogether abolished, or reduced, in due proportion to the extent and value of their respective occupancies or estates; but under any modification, these deeds of property will probably never prove palatable to the majority of the cultivators, for experience indicates that we have thereby been attempting to obtrude on them a system which, how congenial soever in its aspect to our possessions, proves but little acceptable to their limited estimate of its benefits, which they consider more than counterbalanced by the contingency it involves of despoiling them of their patrimonial tenancies, of which dread they are relieved, by adhering to the customs of their forefathers, in sharing with Government the greater or less product of each year's harvest; a rule, the origin of which is nearly as untraceable from its antiquity, as in its application it must have always been peculiarly suitable to the periodical rains of India, that will ever prove the prime regulator of the abundance or scantiness of the general crops.

7. In considering the question propounded in the 68th paragraph of Mr. Rickards's Minute, I beg leave to premise, that the introduction of English terms into Indian finance, leads, as in all other instances of verbal inaccuracy, to incorrect ideas. Thus we have translated zemindar by landholder or landlord, although the more accurate version would perhaps have been landkeeper, in the sense that the same Persian affix "dah" is applied to the viceroy of a province or soubah; viz. soubah-dar, a term to which the obvious absurdity of the inference has guarded us from attaching, as in the former case, any notion of property; but having once translated zemindar by the English term landholder, we have thence been led, too inconsiderately, to annex to it our general idea of a proprietor of land, and to yield to the consequent benevolent idea of raising them to that condition, whether with their will or against it: but the present race of cultivating peasantry in Salsette can be expected to aspire to nothing comparatively higher than that of rural yeomanry in England, who would not hesitate to pay as farmers, to a landlord or superior, the third of the agricultural produce of their labour, although this be in fact a higher proportion than is rendered by not a few of the inhabitants of Salsette; nor am I aware of any taxes being continued so as to affect this net residue of two-thirds at the least of the gross paddy or rice produce remaining with the coorumby or cultivating ryet, after the discharge of his public rental.

8. Would not the laying on again a tax on shopkeepers, as proposed in Mr. Rickards's 72d paragraph, operate as an additional burthen on the coorumbees, and other inhabitants, by an enhancement of the articles in which those shopkeepers deal: it was at least in that view that this tax was taken off, as noticed in the thirty-ninth section of the already cited Regulation I. 1808.

9. I own I am not aware of the intrinsic advantage of removing the tax from the land to the houses: and it seems also objectionable, on the mere ground of so important an innovation, such as ought not to be lightly adopted in any case affecting the general rights of the community; but it is needless to enter much into argument on this part of the subject, as, under the orders of the Court of Directors of the 24th of August 1804, approving of the present system, as being in conformity to the principles of the Permanent Settlement throughout India, it would be exceeding our powers to introduce so great an alteration, unless sanctioned by the Supreme Government, to which, under another order from the Honourable Court of the 21st of April 1790, this Government is authorized to refer on points respecting the fiscal economy of Salsette, or of the vicinal districts.

10. With reference to the 75th, 76th, 77th, and 78th paragraphs of the Minute from Mr. Rickards, it may be proper to notice that it has already been made fully known that persons undertaking to bring waste lands into cultivation may, as several do accordingly, hold the same at a fixed rent in perpetuity, which appears to be an old and well-established rule in the island of Salsette, as specified in the 2d clause of the fourth section of Regulation I, 1800. Few or no instances have, I fancy, yet occurred where the parties have desired to set free in such lands for so long a term as Mr. Rickards has suggested, but it may in general be affirmed that as long a period has in this respect been granted as solicited or deemed in anywise necessary; nor am I aware, as seems implied in the last of these cited paragraphs, that the exaction of revenue is consentaneous with the extension of batty or rice; tillage from lands not already perfectly arable, and in a state of due cultivation: neither can any thing be clearer than that the principle of the system in Salsette, as expressed in the proffered deeds of property, precludes any additional tax for either improvement or extension of cultivation, whether on low or high grounds within every possessor's own limits, all which he or they are expressly declared to be at full liberty to apply to the growth of what products they prefer, without affecting thereby their fixed rental to Government; and had not Mr. Camac's proposed tax on fruit trees been altogether given up, for the reasons assigned in the eighteenth clause of the 36th section of Regulation I, 1800, it

it is difficult to suppose that the mere planting of trees could be attended, as set forth in these paragraphs, with any immediate exaction of revenue; the genuine object of all territorial taxation in India being, that Government should share proportionally in its actual produce, without anticipating thereon; a principle which must of course continue in force, in as far as the major part of the present occupants of Salsette may prefer its contingent, but regulated operation, to the more precise limitations which have offered to them in the deeds of property.

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11. With respect to the doubts expressed in Mr. Rickards's 80th paragraph, that the true sense of the present deeds of property will never be understood in respect to that clause thereof which renders the money value of the perpetually fixed grain tax decennially liable to alteration, it seems that after the expiration of the first ten years, the degree of obscurity thought to be involved in the clause in question must, by the future practice, become sufficiently elucidated; but this I consider, either way, of no great moment, since, if deemed requisite by our superiors, this defect may be cured by announcing to the cultivators that the money value of the settled rent in kind is also fixed, so as not to be liable to future alteration.

12. Not clearly comprehending the inference in the 82d paragraph of the Essay, I pass it over without remark.

13. On the 85th paragraph, I shall only say, that whatever terrors the cowl or deeds of property hold out, none of them have been left; the Company's Government not having hitherto proceeded, to my knowledge, to the length of selling either lands or other property for arrears due to the state.

14. With respect to the liquor farm, as adverted to in the next following paragraph, it has been already mentioned to have been abolished, and a system ordered to be introduced, since October last, founded on the Bengal abkary Regulations, which, when matured, may, it is hoped, answer the object of suppressing that inordinate use of spirituous liquors, such as in no part of India has probably produced such baneful effects, in debasing the minds and weakening the bodies of its deluded votaries, as among the Christian part of the inhabitants in Salsette, who form so considerable a part of its population.

15. The tobacco farm has likewise been discontinued from the same period, and a system substituted in pursuance of the experiment previously made in Caranja, of which Mr. Rickards has, in his 89th paragraph, expressed a better opinion, such as it will be very agreeable to me to find it ultimately to merit.

16. Mr. Rickards having adverted in the 93d paragraph of his interesting Essay, to the remarks by Dr. Scott, in reply to certain queries which I had on the 25th of July last addressed to him, and to others, the most qualified from local knowledge to pronounce on the state of Salsette; I shall annex those queries and Dr. Scott's answers to the present remarks, and leave the whole to make their own impression with those who may peruse them.

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17. The result of Dr. Scott's, as well as of Mr. Ashburner's exertions, and of all the large capital they are said to have laid out on their respective estates, must I fear appear by the latter's, and Dr. Scott's agents joint late address, and the present state of the former's premises, to have fallen very short indeed of the expectations that Mr. Rickards seems to entertain of both in this part of his Essay.

Vide
Mr. Ashburner's
and Dhackjei's
Letter of the 14th
June R. D. 17th D^o.

The observations by Mr. Rickards, in his 98th and following paragraphs, might open a wide field for remark; but as more immediately connected with the subject under discussion, I shall only express a doubt whether the peasantry in India, under the genuine Moghul system (such for instance as is still upheld in Broach, in the manner delineated in the Report from the Commission of Revenue at that station, of the 31st May 1807) be not, as many of them, in a state of comparative ease in their circumstances, by sharing with Government, according to ascertained rules, the product of their agricultural industry, without the fear of dispossession from their hereditary tenancies, than can fall to the lot of the harassed commonalty of the same description in too many parts of Europe, these latter having over them lords, proprietors, with reference to whose severities to the more helpless classes of their rural fellow subjects living under their sway, the governments in that part of the world can exert but a slight degree of corrective power; whilst in India, its right and duty are in this important respect as well understood, as frequently and beneficially exerted, insomuch that the great body of cultivating peasantry in India, would probably be disposed to reject, if tendered to them, the offer of being placed under our European constitution. Such as the system for the permanent leases granted throughout the greater part of British India, although approximating to, has yet found it necessary to guard against this eventual abuse of, by a variety of checks and provisos; leaving the Company's ryots in a state still materially different from the relative insecurity of the like classes, in the region from which Mr. Rickards has drawn his principal data. In as far therefore as that system may seem the most conducive to individual happiness to the greatest number of human beings, and specifically, in providing a state of relative security to that most numerous and valuable class of mankind, the body of husbandmen, by conferring on them—not indeed riches, (which is often very distinct from happiness) but a medium state of permanent quiet and contentment, will it not remain in some degree questionable how far the balance may in these respects be in favour of European or Asiatic economy, a consideration which may contribute perhaps to make us hesitate in hastily making use of our power for the introduction of speculative

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lative ameliorations, such as the legislature appears to be jealous of, by requiring that the revenue rules of the country shall be maintained and respected in favour of the natives.

19. The fiscal system now in force in Salsette, has that of India for its basis, in like manner as at Broach, but with this difference, that its inhabitants have suffered more from the successive conquests, not singly of Mahommedans, (which in common with the last cited district it has undergone) but by those of the Portuguese, Marhattas and British, each of whom have left the stamp of some part of their respective administrations. That however the natives of Salsette were the happy people under the Portuguese, that is apparently supposed in Mr. Rickards's 104th paragraph, appears doubtful from the accounts of that island by such travellers as visited it during their dominion in the seventeenth and eighteenth centuries, all of whom appear to represent the Indians under that nation, in a state of absolute and debased villanage (as per extracts in the accompaniment) whence the gay appearance of the Portuguese churches and buildings of that period, may stand no more in proof of individual prosperity and happiness, than the similar aspect of one of our West India islands, without retrospect to the number of slaves that compose the great majority of its population.

20. But in howsoever degraded a state the inhabitants of Salsette may heretofore have been, from their former oppressions, or continue still under, the unhappy disposition of so many of them to the excessive use of spirituous liquors; the introduction of capitalists into that island, as adverted to in the 106th paragraph of the Essay, may be perhaps attended with less success than could be hoped for, in as far at least as may be judged from the recent disappointments experienced by those who have had time to estimate the result of their having, subject to the payment of one single tax, entered on such undertakings, combined with the necessity of such adventurers procuring, as in the last instance of Ardeshere Dady, the good-will of the present occupants, before we can, consistently with what has from the highest authority been announced to the people of Salsette in general, proceed in the plan of placing over them more real landlords, in the European sense of that expression, or rather perhaps zemindars, in the more qualified modern acceptation of that term, in the British part of Eastern India; for under the engagements in which Ardeshere stands bound towards those who on such conditions consented to become his tenants, his power over them, and his estate, approximates much more to one of the latter, than of the former description; but yet it was not without a considerable degree of precaution, and with some jealousy evinced on the part of the ryets on his estate, that they yielded to Ardeshere's becoming at all their superior, as must be inferred from the conditions they exacted for their own security, as briefly enumerated in the fifty-fifth section of the Regulation already noticed.

21. Neither might our being able to introduce into Salsette the plan proposed in the Essay, constitute much proof of its easy extension into our other territories. We may, from the local and peculiar circumstances of the natives of that island, act towards them, or probably those of the smaller island of Caranjah, as we please, without risk of active resistance, but such is not the case with our far more extensive possessions in the vicinity of Surat, and still less in the north-western parts of Guzerat, in which, innovations on the customs and habits of the people will for years, and perhaps for ages to come, expose the Government that attempts them to a very undefined and vexatious series of evasive or more open opposition.

22. I concur entirely with Mr. Rickards in all the benefits to which that gentleman adverts in the 107th, and other parts of his Essay, as connected with the most plentiful supply of water for the purposes of irrigation in Salsette, and I have collected some information on this part of the subject, which will shortly be submitted to the Board, in time for any measures that may in consequence be undertaken on the commencement of the fair season, such as will, I hope, be found to be in general concurrence with the several able suggestions of Mr. Rickards in this part of his work.

23. The lands adverted to in Mr. Rickards's 113th paragraph, are not under the Company's authority, as that gentleman supposes. the pergunnah of Gundavie appertaining to the Guicawar; but this is of no consequence to the argument, as we possess other districts in the same vicinity, from which the ascertainment of the facts alluded to can easily be made, or obtained from Gundavie itself, by a reference to the Resident at Beroda.

24. In Mr. Rickards's 119th paragraph, he defines the advantage of a house or reservoir tax, over one on land, to consist in its "not interfering with the immediate pursuits, or sharing in the immediate benefits of industry;" but does this amount, after all, to more than a verbal distinction? since, whether the tax be laid on the house, or on the lands, or on their product, it is this last alone that can pay the tax, which must therefore interfere very nearly as much in one way as the other with the husbandman's pursuits, and with the profits of his industry; such fixed tax inferring, whether rated on land, or deriving from whatever other real or nominal source, much the same requisites and consequences.

25. The estimate of square miles assumed in the 74th section of the already mentioned Regulation, differing considerably from that in the 124th paragraph of the Essay, it may be proper to notice, that the former is taken from the Report of Captain Brookes of the Engineers, after a local ascertainment thereof by that able officer.

26. It thence follows, that the relative population of Salsette is considerably more numerous than as noticed in the Essay.

27. The

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27. The contents of Mr. Rickards's 125th paragraph, are well calculated to arrest the attention of political economists; but I cannot say that the same results thence present themselves to me as to that gentleman; which is perhaps because I contemplate the subject more on Asiatic or Indian, and he (as already observed) with a greater view to the European principles of rural economy. Prosperity, in its true sense, must bear material, and even chief reference to individual happiness, which is not always necessarily connected with what is in the Essay alluded to, under the term of "active industry," in a greater degree than is frequently to be found in the undisturbed and easy life enjoyed by the majority of Indian cultivators, who (for a nearer approximation to English ideas) may be considered as the Government's soccage tenants; and is it not somewhat repugnant to Mr. Rickards's data, that Salsette, if so wretchedly an impoverished country, should nevertheless exhibit a relative population not far short of the double of the two most populous divisions of Great Britain? for it is one of the leading maxims of European statistics, that "where there are the wisest institutions, and the most happiness, there will also be the most people."

28. The general argument in the next following paragraph of the Essay, seems not, by this rule of judgment, very applicable to Salsette, inasmuch as in its present state it upholds from its agriculture a very numerous body of inhabitants, among whom, and yet in a greater degree perhaps amongst the peasantry of India in general, there are but few under really necessitous circumstances, enjoying, as they do in this respect, most of the requisites for comfortable existence in their relatively humble spheres; whilst in Europe many a peasant is (if I be rightly informed) pinched for meat, clothes, and fire, for his family.

29. It does not appear to me that, as stated in Mr. Rickards's 130th paragraph, the applications occasionally made in Salsette (as in all other countries similarly constituted) from ryots to circumscribe their cultivation according to their circumstances and convenience, form any definitive proof of increasing general poverty, inasmuch as cultivators for these grounds, or their equivalent, are generally found, so as on the whole to maintain from year to year the cultivation at about its usual standard, whilst on the other hand it is obvious, as noticed in section 36, Regulation I. 1808, that some parts in Salsette (and that too where Mr. Rickards's favourite experiment, or one approximating to it, by introducing capitalists, on a singly rated system of taxation, has not been attempted) are of late years decidedly improved in their cultivation, internal industry, and exterior commerce.

30. The 135th Paragraph, which closes the general plan of the Essay, is replete with truisms, which no one will undertake to impeach, but I am at the same time not aware of their peculiar applicability to Salsette, from not perceiving the advantage that Mr. Rickards views in the substitution of a house tax for one equally definite on land, my reasons for which I have already assigned.

31. Mr. Rickards having, in his letter of the 24th of October, adverted to the situation of Caranja, it seems allowable here, and may prove useful, to contrast the state of that fully cultivated vicinal district with the relatively different condition of Salsette; although, in point of favour from Government, the latter has been abundantly more cherished than the former. It is not thence reasonable to conclude, that in the insalubrity of the air, and greater natural sterility of Salsette, are to be found the causes of its more tardy progress in bringing into culture the waste and jungles that yet cover too large a proportion of its extent, some of the central parts of which will however appear, from the evidence in the Accompaniment No. 3, to have subsisted throughout the best times of the Portuguese administration.

32. An experiment is now however making in that island towards the clearing of the jungles, and the application of those wastes to the rearing of hemp, teak, and other produce, such as, if attended with success, may diminish the regret that so much of the soil of Salsette remains still at the public disposal; but on this subject it would be premature to enter farther at present. By the dispatch of the next ships in February or March 1809, a decisive opinion may be formed of this operation.

33. With respect to that part of Mr. Rickards's plan that relates to the reduction of the expense of the revenue establishments in Salsette, Caranja, &c. I beg leave to assure him and the honourable Court, that I will most willingly place immediately in his hands the realization of this saving, to be continued from our proceedings on that head, under date the 4th of September last, which have brought them to the lowest state that the collector represented to be compatible with the realization of the public rental: comparatively with their amount of revenue, it must be admitted that these districts, as well as the island of Bombay, may appear to have always been disproportionately burthened with extensive collecting establishments; but in apology for this, it need scarcely be noticed, that small collectorships having also very minute parts of revenue to realize, are apt to exhibit, to a certain degree, this unfavourable contrast, when compared with much larger ones, in which the payments are more in gross sums; but however that may be, no one will rejoice more than I shall at the largest practicable reduction of the present charge.

34. In thus desiring to commit the more immediate direction of this important branch of the public administration to Mr. Rickards, in the hope of his being able to operate several desirable reforms in it; I would wish to be understood, that these should be effected with as little prejudice as possible to the income of the present Patells in Salsette, who, though too many of them unworthy and useless, as sufficiently appears by Regulation I, 1808, possess, nevertheless, with their families, such an interest in the immunities hereditarily

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attached to their situations, that to deprive them thereof, without some equivalent, would amount to a severe hardship.

35. It appearing from Mr. Rickards's communications, that the inhabitants of Caranja have announced their consent to the new system proposed by that gentleman, it is known to him that I have (in view to that circumstance, and to the smaller interests involved in that comparatively flourishing island, combined with the less formal sanctions respecting its existing revenue constitution, than have been passed regarding Salsette) expressed a disposition to his proceeding to make the experiment on it, of which the principles are unfolded in the Essay.

36. The subject of the Petitions from Salsette and Caranja, which accompany Mr. Rickards's Essay, have, with respect to the particular grievances set forth in them, occupied my attention; the result of which I hope soon to be able to bring before the Board.

37. It may however be satisfactory to notice, that although these Petitions are professedly collections of every thing which the subscribers considered as remaining evils, and wished to be relieved from, any alteration in the rate of assessment on the lands of Salsette, or in the system for their territorial or grain rental, is not even glanced at: whence it follows, in concurrence with all the other information I possess, that in this essential point they consider themselves as too well treated to desire a change.

38. Mr. Rickards having included among the Accompaniments to his Essay, a general state of the revenue establishments throughout the limits of this Government, it may be satisfactory to our honourable superiors to know, that they have since undergone considerable reduction; whence, upon the ground of information from the Accountant General, I may safely state, that upon the whole, they are now under nine per cent. on the landed jumma or rental, which is, I conceive, within the proportion of such charges at the other presidencies.

Bombay, }
7th July 1808. }

(Signed) *Jonathan Duncan.*

SUPPLEMENT, added on the 8th July 1808.

1. HAVING, since writing the preceding remarks, had an opportunity of perusing very summarily Mr. Rickards's Minute of yesterday, I beg leave (under a natural anxiety to stand as little as possibly in the way of an experiment, purporting to teem with so much public benefit) to express my acquiescence to give immediate effect to the terms of the plan as therein adverted to, by acting on the announced intended proposals of "several natives of the first wealth and respectability, who are it seems desirous of taking waste lands in Salsette, and employing capital in their improvement," which need not interfere until the experimental progress of clearing the jungle, and rearing of hemp for the Company, there being room for both operations concurrently; nor should I have ever demurred to such an object as is now announced, had I understood it to be limited to lands not already under cultivation, or of which there are not occupants in possession, who would not probably be willing to have landlords placed between them and the Government, of which they consider themselves as now immediately holding.

2. With reference to Mr. Rickards's doubts as to the source whence the system of Indian finance could have originated, I may here notice a very modern publication, entitled, "Patton's Principles of Asiatic Monarchies," wherein the source of it is attempted to be traced, and contrasted from that European one, of which proprietary landholders constitute the main prop.

3. It is not to be inferred, from any remarks that I have offered, that I presume to decide which of those two systems is on the whole to be preferred; but as that of India is interwoven into all the habits of so extensive a population, I would only wish to recommend caution and deliberation before it be finally abolished. Were India to be populated by Englishmen or Europeans, their own system would certainly be for them the best: whether it be so for men differing from them entirely in religion and manners, is a momentous question, which nothing less than the united wisdom of our superiors, should be perhaps allowed finally to appreciate and decide.

4. Proceeding with the sequel of Mr. Rickards's Remarks of the 7th of this month, I have further to notice, with respect to his mention of the Portuguese Governments not having adopted in Salsette the Indian system, that the European landlords, among whom they divided it, did so; whence it was the same thing, or, on the whole, probably worse for the aboriginal inhabitants, who appear (as already observed) to have been reduced and held by those foreign superiors, in a state of very abject servitude.

5. It is remarkable that Mr. Patton deduces from the Sacred Records the very converse of the doctrine thence inferred by Mr. Rickards, as to the property of the soil being, according to this author, throughout the East, in the sovereign, and not in landholders, as Mr. Rickards judges thence to have been antiently the case. Whilst engaged in this subject, I took the opportunity of a visit this evening to poor Dondoo Punt, the late Marhatta killadar of Lohgurb, to ask him whether among them the land or soil was understood to be private property,

property, or to belong to the sovereign. And he answered without hesitation in the latter sense, adding, that the Marhattas had a common saying, that "the daughter belongs to her parents, but the land to the king."

6. Yet, although this may be the true and most generally established theoretic definition, the practice perhaps in India, as now constituted, will be found (as truth does, in the greater part of contests) between the two aforementioned extremes, by individuals holding a qualified possessory property in the soil; the nature and precise description of which, should not be reduced to the level of our habitual notions, but received, and admitted to operate, according to its own genuine import, varying, as it a good deal does, through the several great divisions of Hindoostan, the Deccan, the Carnatic, and Malabar; and being, for instance, much more sensibly felt and acted on in the provinces of Bengal, than in that of Guzerat, the Grassia tenures in the latter excepted. In short, this is a subject that might require much time and consideration to discuss with entire accuracy, but meanwhile it may involve the least hazard, that the Company's servants should uphold the genuine import of the settled customs of the natives, provincial or general, as they find them, without adventuring to innovate on them without due authority, or endeavouring to compress them into their own meditated forms of amelioration.

7. With respect to the situation of Malabar, its whole constitution, civil as well as fiscal, was so different, till after the middle of last century, from any other in India, that I scarcely consider it as furnishing an apt criterion for general comparison. By those who are of an opposite opinion to Mr. Rickards, (such as the well-known Mr. James Grant, who has with wonderful assiduity developed the whole Moghul constitution of India, or Mr. Patton, the author already quoted, or the honourable Mr. Greville, who is understood to be the author of "India Analyzed,") no term equivalent to that of a European landholder, is acknowledged to exist among the natives of Hindoostan, or the Deccan: and if the Portuguese Government constituted landholders in Salsette, they stood towards the former hereditary tenantry, in lieu of that Government, and made the same collections that it might have realized; but out of which his most faithful Majesty was satisfied with reserving a light quit rent, such as in many places is paid by agmadars in Bengal at the present day, and by grassias in their wanta tenures on this side of India.

8. The just decision of the question thus at issue, may accordingly still seem to depend upon a thorough ascertainment of the first principles on which it rests; as to which, however, the differing advocates for either conclusion, continue unhappily at entire variance. I have already intimated my own impressions, and I shall here take leave, for the present, of a discussion on which the unexpected urgency of existing circumstances, with respect to the departure of the convoy for England, having obliged me hastily to commit so far my sentiments, that considerations may, I trust, apologize for the desultory order and imperfect tenor of the several remarks, that, pursuing the order of Mr. Rickards's observations, I have, as a point of duty, and not of choice, and with a diffidence proportionate to the great interest of the objects in view, been thus unavoidably called upon to submit.

(Signed) *Jonathan Duncan.*

(No. 1.)—ACCOMPANIMENT to Mr. Duncan's Remarks of 7th July 1808.

QUERIES addressed to Doctor Scott and others, respecting the state of Salsette, in a letter from the Governor in July 1807.

Queries referred to
in the
President's Minute
(7 July 1808)
relative to Salsettes.

1. WHAT proportion of Salsette do you think remains now waste, one half or one quarter part, or how much, with reference to what is already in cultivation?
2. Do you think the population has increased, or diminished, in this island, during the last ten years?
3. Do you consider the island to be in a progressive state of improvement, or decline; or as stationary?
4. What improvements do you conceive would the island now admit of, with respect to its government, the redress of grievances, or the security of the cultivators and landholders?

(Signed) *Jonathan Duncan.*

Dear Sir,

I SHALL not fail to the best of my judgment to answer every part of the Queries with regard to Salsette. I certainly do consider the island as in a state of improvement. A man who thinks otherwise, must be blind and prejudiced at once, for nothing in my opinion is more certain and obvious.

Dear Sir,
Yours, &c.

24th July 1807.

(Signed) *H. Scott.*

(No. 2.)—ACCOMPANIMENT to Mr. Duncan's Remarks on Salsette.

No. 3.

Answer to Queries
referred to in
President's Minute
(7 July 1808)
relative to Salsette.

Bombay, August 1807.

THERE can be little doubt but that under the Portuguese, the island of Salsette was in a very flourishing condition; the lands were then private property, and many of the landholders were wealthy: some remains of their buildings and public works give us an idea of considerable opulence, and it is fully confirmed by tradition, which is not yet very remote. I have seen a man nearly 100 years of age, who died lately at Pasparely, who remembered the time when no less than 40 Europeans assembled every Sunday in the church of Trinidad. After the conquest of the Mahrattas, all was destroyed; the landholders fled precipitately from the island, and the conqueror introduced his oppressive and degrading system on the ruin of that of private property.

After a period of about 50 years the island was taken by the English, and for about 30 years past it has remained in our possession. The English chiefs appeared to have had no better views of right policy than their predecessors the Mahrattas: they adopted all their methods of raising money from the people, and some of them, (among whom Mr. Farmer deserves particularly to be named) invented new, and I do think very hurtful methods of taxation. Under us, the people certainly found themselves in no better a situation than under the Mahrattas: our chiefs never understood well the language of the country; the system of letting out the lands under the management of natives, was continued, and some exceptionable means of raising money were over and above adopted by us.

The first attempt at improvement by the Government of this Presidency, was, I think, made under the chiefship of Mr. Camac. Several very exceptionable taxes were then relinquished, the lands were let out in a more equitable mode, and their rents, which were too high, were somewhat diminished. To these salutary changes, Mr. Duncan added the Court of Justice as it now exists, and which is certainly a great improvement on the former system. Other means were gradually adopted to promote the cultivation of Salsette, and to encourage the people to industry. It was signified to the inhabitants, that their lands would be transferred to them as private property, if they chose it, and without any addition to their present payments: a few accepted of this offer; but such was the debased state into which mankind had fallen by long oppression, that the rest rejected it. They looked on the proposal with sullen distrust and indifference. The property of the land had never entered into their minds, nor had they the means, nor the energy to extend, or to improve their cultivation.

With the same view of increasing industry and cultivation, Government was pleased to encourage the undertaking of Poway and Bandoop. Before those estates began, the universal cultivation of Salsette was rice, nor had those rich articles which give so high a value to the tropical countries been attempted there, although the soil and climate of Salsette are extremely favourable to most of them. I may truly say, that independently of personal advantage, the proprietors of those estates had a sincere wish for their success. They entered on their undertakings with enthusiasm, and under many losses they have to this hour never relinquished the animating hope of success. They have certainly effected a good deal. Their cultivation of canes and other articles is extensive: they have sunk many wells for the purpose of irrigation, and they have established a numerous population where some years ago there hardly existed a human being. They ought not perhaps at the outset to have expected that they could clear and cultivate a large tract of land and settle inhabitants on it, without some personal loss. This they have severely experienced, and at one time a state of bankruptcy stared them in the face.—I allude to the time of the great famine, which in spite of the active vigilance of Government, was felt severely in Salsette; but by none so much as the proprietors of Poway and Bandoop, where a large capital was embarked, and where cultivation at one period was nearly stopped. Since that time more favourable circumstances have occurred, and among others, those estates have derived an essential benefit from their spirit contracts. Government could certainly by no other means have given so cheap, or so appropriate an encouragement to Poway and Bandoop. Indeed I may say that this encouragement has not lost the public a single rupee, for we know from past experience that those who deal in spirit would not have supplied it to Government at a cheaper rate, and it was often procured at a dearer rate. The best spirit is the product of the sugar cane, and I think Salsette will soon keep, by these means, a large sum of money among us, which has hitherto been annually sent to foreign nations. A great advantage must arise, too, to Government, from the supply being at hand, for distant supplies are constantly attended by ill effects: the stores in such cases are too full of the article, or deficient in it, and the price is always most irregular. As soon as the present contracts expire, I further expect that Government will get their supplies here at a much cheaper rate than elsewhere, and in as small or as great quantities as they require. All those are advantages which a foreign market cannot afford.

Among the advantages that have already arisen from Poway and Bandoop, I may notice the rents now paid for those estates, which are very considerable. This is a permanent gain to the Company, for those lands had fallen into such a state, that they, twelve years ago, yielded little or nothing. Population is always a farther gain to the public, and the great increase of it on those estates, may fairly be reckoned among the late improvements of Salsette.

The estates of Poway and Bandoop have at times, and chiefly in the beginning, suffered severely from disease: they were over-run with trees and underwood; and the luxuriant grass that

that the fields produced uneaten by cattle, rotted on the ground, and spread fatal fevers over the country; this is too much the case at this moment in many parts of Salsette. The change on those estates is now surprising, for such is the effect of cultivation, that those lands, formerly so destructive to mankind, are as free from disease as any part of Bombay, and we no longer see the labours of the year disappointed in a moment by the morbid consideration of our cultivators. The natives have now lost their terrors, and they at last are convinced that they can live at Bandoop or Poway with perfect safety: I consider this fact as highly important; for the sad effects of disease in the beginning, not only exposed us to great pecuniary loss, but had almost induced us to relinquish hope.

I think a man must be very full of prejudice who does not in many respects see a great improvement in Salsette within the last ten years. The causes detailed in the beginning of this Paper, have greatly contributed to that effect, but many no less important remain still to be mentioned.

The building of the causeway at Scin, and the new road to Tanna, have been of the greatest utility. A few years ago a traveller in Salsette, on the most frequented road of the island, met with nobody besides a few passengers on foot; the high road is at present covered with carts, which transport to Bombay, Tanna, or other parts, the grain, straw, and other products of husbandry. There is not a moment that people do not pass the bridge at Lion, with a variety of provision, &c. where formerly a solitary traveller but now and then made his appearance; not only has the bridge and the great road facilitated this intercourse, but it has been promoted by various regulations. The ferry, at the time I allude to, was ill managed, and a system of pilfering prevailed which it is very difficult to prevent with the natives. Severe regulations have been made against such abuses, and with excellent effect. With regard to duties, &c. &c. it has been ordered, that Salsette and Bombay shall be on an equal footing, that the intercourse shall be perfectly free, and that in almost all respects they shall be considered as one island. This regulation, adopted several years ago, gave very high satisfaction to the people of Salsette, and has been of very material benefit to that island. It has given a security to the husbandman and the trader, which they knew not before.

It is not alone the agreeable appearance of increased activity that makes me conclude that the improvement of Salsette is so considerable of late years; many other circumstances confirm it; of late some respectable natives with capital, have with permission of Government, settled in Salsette. Such people deservedly meet with encouragement; but the disposition that men of this description now show to embark their property there, is a proof of the change of public opinion with regard to Salsette, for some years ago no man of property would have entered on such a speculation. Settlers of this kind will bring a new spirit with them, and will soon effect what the poor, indolent and long oppressed natives never could have done. I observe that even the purvoes of Bombay have dug some wells in Salsette, and made inclosures of stone.

I had long wished at Poway to induce the natives to take my lands from me on almost any terms they pleased. I had become convinced that no other method would ensure the general cultivation of the island, and that the West India practice of proprietors cultivating the whole of their estates, was not applicable, for many reasons, to the state of things in this country. With this view I offered the natives wells, cattle and lands, for a trifling consideration, and even gratis, but I could get nobody to venture on such an enterprize; I was almost in despair, when to my astonishment I found this season that I could let out much of my land to adventurers in agriculture, by giving them cattle and some other kinds of encouragement. I now soon expect to see the whole of my ground in cultivation, and producing various articles for the Bombay or foreign market, while I shall relinquish all immediate income in agriculture; employing myself only in aiding or directing those who are immediately concerned in it. This is the state of things which I have long anxiously wished to see, for this alone can render permanent and useful all that we have hitherto done in Salsette.

As a further proof of the improving state of Salsette, I may observe, that about three years ago I got from Government the village of Tankey. For a long time its population had been diminishing, and in Salsette, the immediate consequence of a diminished population, is an increase of jungle, or what is still worse, of grass, which give rise to fevers and dysentery, and waste, in a proportion rapidly decreasing, the people who still remain. When I took Tankey not a single habitation remained, and the few people who had escaped from disease had gone to other parts. I have already collected a considerable number of people; not less I think than thirty houses; and half of the lands are now in cultivation. Such is the present spirit, that I believe that every foot of the village will be occupied in ten or twelve months more. Among my adventurers in Tankey there are two Bombay purvoes, both men of some property.

Some things still exist in Salsette of the ancient establishment, which I think might be altered with advantage, and which are not consistent with the general spirit that has of late years regulated that island.

There are some small farms, which produce yearly to the public but a few hundred rupees, while they harass and injure the inhabitants. I can affirm from experience, that it is impossible to authorize the servant of a tax-gatherer of any kind to wear a livery, without making him a little tyrant. To this moment the poorest classes of the people know us not sufficiently. They have been used to Mahratta oppression, and will seldom venture to resist,

No. 3.
Answer to Queries
referred to in
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(7 July 1808)
relative to Salsette.

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resist any body who comes in the shape of authority. Two of those farms I shall mention, the farm of Jungars, which is a tax on the husbandmen of Salsette, and unknown even to the Mahrattas; 2d. the farm for cattle, sent from Bombay in the rains, to graze in Salsette: the farmer pays for this a mere trifle, and I have known him commit very unwarrantable actions.

It must be allowed that the lands of Salsette are let too dear, although something has already been done to lighten the burthen. The difference of rent would, I think, be amply made up by the quantity of land let.

A Marhatta practice still prevails in Salsette, which greatly impedes the progress of agriculture. When a man has once rented a piece of land from the Company, he can never again leave it, nor even relinquish a part of it; there he must remain; and if all of his children or relations, whose assistance only he was able to cultivate, were to die, he must continue to hold and pay for the same quantity of ground. Even the widows of the deceased are obliged after the death of their husbands or children, to engage for the usual amount of ground. This is a great bar to the letting of the Company's lands to strangers, who would otherwise be disposed to settle, and who look with terror at this unavoidable condition.

It might be useful to change the patells of villages yearly. They at present hold the office for life, and thus acquire a great influence among the people, which they sometimes apply to bad purposes, both with respect to the public and individuals. In a village near to Poway, I know a patell who has amassed a great deal of money; he turns to his own account all the unoccupied lands, for which he pays nothing. These lands have now become a considerable proportion of the whole village, and are constantly on the increase. As he feeds cattle, cuts hay, &c. &c. on those waste lands, it is highly for his interest that they should increase; and I fear patells in other situations may have a similar interest.

Another circumstance seems in Salsette to impede the progress of cultivation. As few villages are fully cultivated, the inhabitants make choice of the finest spots, allowing the rest to become waste. If any person wishes to settle in such a village, he finds it impossible, for the inferior grounds that are left are so intermixed with those of the first quality, that confusion would ensue, and the new settler would be harassed and ruined. This is a general evil, and exists to a great extent over much of the island; when new settlers offer, they should be put in possession of a sufficient quantity of land annexed with the lands of others: but this will meet with a vigorous resistance. When I took part of the village of Paspaully it was with the greatest difficulty, and after every impediment they could devise, that I could get what I required unmixed with occupied spots. I procured at last a third part of the village, and in spite of the difficulty that I had, one third of it to this moment still remains uncultivated, producing nothing to the Company.

It would be difficult to find in any part of the world, a spot better situated for cultivation than Salsette. It one day may be of greater value than the large island of Trinidad in the West Indies, for in the one case a perfect state of agriculture will be acquired and supported with great difficulty, while in the other there is every desirable facility. Salsette is contiguous to Bombay, and may be said to embrace it for above half of its circumference; on the other side it is separated by but a small channel from the continent of India. It has thus every facility that can arise from the neighbourhood of an immeasurable population and great wealth. The riches of the mercantile community of Bombay are extremely considerable; to possess the soil seems to be a natural passion of all mankind, and it is felt on this island by every class of the community. Even the bora quits his shop on his holidays, and flees to his little garden in the country. When we have fully convinced the wealthy inhabitants of Bombay that it is possible to cultivate the lands of Salsette to advantage, and that his property in the soil, and his property of every other kind is there as secure as in Bombay, the riches and the industry of this island will take that direction, and I have no doubt but that at last every corner and nook of Salsette will be as eagerly bought up and secured as it is here. The wealth of individuals is that of the state, and thus a comparatively small tract of land may become to Government of infinitely more importance than extensive provinces, where an imperfect agriculture does little more than feed a needy population. Of late years much has been done for Salsette, and the effects that already appear, are flattering; to amend a degenerate people, or to improve a wretched state of agriculture, is not the work of a day. I am very sensible that I am speaking to a far better judge than myself on matters of general policy, nor should I have ventured on the subject but at your desire; but I may have observed some circumstances, from being on the spot, which have escaped your observation at a distance.

(Signed) *H. Scott.*

ACCOMPANIMENT to Mr. Duncan's Remarks on Salsette.

Extract from the voyages of John Francis Gemelli Barere, descriptive of the state of Salsette, as it was in the year 1695 of the Christian era.

"THE island of Salsette, in which the aforesaid pagod is seated, is about seventy miles in compass, twenty in length, and fifteen in breadth; being very low, it is cut by several channels running in from the sea; but there are high mountains in it covered with trees. The soil is very fruitful, and produces abundance of sugar-canes, rice, and fruit; such as mangos,

mangos, cocoas, transalins, giacharas, tamarinds, ananas, papas, and other sorts, which shall be described elsewhere. There are in it several villages of poor wretched gentiles, moors, and christians, living in houses built with wattles, crusted over with mud, and covered with straw, or palm tree leaves. They go naked, both men and women, covering their privities with a clout, and their breasts with another, or else with a short jerkin, that does not reach below the navel, leaving the arms, thighs, and legs bare. On their arms they wear bracelets of silver and glass, and thick silver rings about the legs. The peasants are worse than vassals to the lords of the villages, for they are bound to till the land, or to farm as much as may put them in a condition to pay the landlord: thus, like slaves, they fly from one village to another, and their landlord brings them back by force. They generally pay for their land, four, six, or twelve morais of rice, so called when the husk is off, and vate when it is on, which is the way they usually deliver it. A morai is twenty-five paras, and the para twenty-four pounds Spanish; measures the Portuguese use for provisions, as they do the covedo for long measure. If the peasants take the land to till, in the place of their abode, they pay no other duty to king or landlord, (though some exact some days of personal service;) but those held in fee, pay an imposition according to what they are worth, every four months, to the kings, factors, or treasurers residing in all the northern cities. These villages are given in fee to soldiers who have served long, or to other persons that have well deserved of the Crown, for three lives, after which they generally endeavour to renew; but to the church they are given for ever."

The author adds, that he travelled in Salsette "eight miles through a thick wood," in the vicinity of the Canara caves; after passing, as he notices, "over a mountain full of monkies, tygers, lions, and other wild beasts and venomous creatures." See pages 195 and 198 of Church M. Vol. V.

EXTRACT of a farther Account of Salsette: Written by Mr. Hamilton about the beginning of the eighteenth century.

"SALSETTE is an island about 25 miles long, and in some places 10 miles broad. It is fruitful in roots and fruits, but not in corn; it is stocked with villages and churches, but has no city in it but an old one called Cama, hewn out of the side of a rock, but by whom I could never learn. It is near a mile in length, and many antique figures and columns curiously carved in the rock, and has several good springs of water to accommodate it. At present it is inhabited only with wild beasts and birds of prey. The island is almost cut in two by a narrow river, that bisects it at a town called Werwa, which lies on the sea shore, and has a little narrow harbour, deep enough to receive ships of the greatest burden, and is secured by a small fort standing on the north side; but the town is on the south side of the river. It drives a small trade in dry fish, made here and transported to the inland countries and villages that want the benefit of fishing. The fishers here catch their fish in long nets fastened to stakes placed in the sea, the outward ones, most of which are driven in the bottom in nine fathoms water, and they appear to strangers like a wood in the sea. There are several villages standing between Versua and Bombay, on the sea shore; but Bandara is the most conspicuous, which fronts Mahim in Bombay, about a mile distant. The Portuguese have some great guns planted at Bandara, but they have no trade, because the river belongs to the English; and all customs of goods, either imported or exported, are paid to the custom-house of Mahim. The mouth of the river is pestered with rocks, that forbid entrance to any vessels of burden."

In anno 1694, the Muskat Arabs made a descent on Salsette, and committed great depredations, in plundering and burning villages and churches, killing the priests, and carried about 1,400 captives into irredeemable slavery.

EXTRACT from Dr. Fryer's Travels:—Begun 1672, and finished 1681:

"CURIOSITY led me a second time to visit the island Canorein (another name for Salsette,) having obtained leave for a longer stay; nor went I alone, some of the best quality on the island being led by the same desire: joining themselves with me, we carried a train of servants, horses, and palankeens, which were ferried over before us; and we coming soon after, were met by the fraternity (of the Jesuits,) and conducted to the fathers, who detained us till the afternoon by a stately banquet; showing us the curiosities of the church and college, diverting us with instrumental and vocal music, and very good wine.

"After which, we were dismissed; and four miles off Bandora, were stopped by the kindness of the padre superior, whose mandate, wherever we came, caused him to send his recorders (a term of congratulation, as we say, "our service",) with presents of the best fruits and wines, and whatever we wanted.

"Here, not adjoining to any town, in a sweet air, stood a magnificent rural church; in the way to which, and indeed all up and down this island, are pleasant aldeas, or country seats of the gentry, where they live like petty monarchs; all that is born on the ground being theirs, holding them in a perfect state of villanage, they being lords paramount.

"From hence, when we had baited, the same night we travelled early to Magatana, using our fowling-pieces all the way, being here presented with rich game, as peacocks, doves, and pigeons, chitreles, or spotted deer."

See Fryer's Travels, printed at London in 1698, page 71, wherein he adds, that on his way from Magatana to the Caves of Canara, he passed half a mile through a thick wood "peopled" (to use his expression) "by apes, tigers, wild buffaloes, and jackalls."

The

No. 3.
Historical Extracts
relative to Salsette.

The Travels of Carrere show that he approached the Caves of Canara from the northward, by Gorabunder, and the village of Deinse Dina, whilst Mr. Fryer's route was from the south and west. Hence the difference, as to the extent of the wild tracks they passed through, such as are generally traceable in those localities to this day.

The above recorded Papers not having been yet perused by Mr. Lechmere, no decision can be immediately passed on this subject; but copies of them are in the meantime to be transmitted by the ships under dispatch, noticing to the honourable Court of Directors, that our further proceedings thereon, together with such resolutions as shall thereon be passed, will be communicated to them by the shortly expected dispatch of the honourable Company's cruizer Teignmouth.

EXTRACT of BOMBAY REVENUE CONSULTATIONS, the 22d July 1808.

Mr. Lechmere delivers in the following Minute:—

Mr. Lechmere's MINUTE.

Mr. Lechmere's
Minute
(16 July 1808)
on Mr. Rickards's
Essay and Minute.

I HAVE perused with much attention the Essay and Minute delivered in by Mr. Rickards, as well as the Minute and Accompaniments by Mr. Duncan, and should be happy, were it in my power, to state any thing that could further elucidate either side of the question under debate.

This point having been so ably discussed on both sides, leaves it for me only to observe, that I concur in the opinions expressed by the President; and that I conceive the question to be of such importance, that no material alteration ought to take place in the present system, without a previous reference to the honourable Court of Directors, who, on the arrival in England of the lately departed ships, will be in full possession of the subject, and no doubt will give us the earliest notice of their sentiments on the subject.

The question appears to me to be, how far it may be politic and prudent to introduce a new system of taxation to the exclusion of local forms, customs, and usages, among the natives of this country, who, from their infancy, have been bigoted to them; any deviation from which, we all know, they look upon with a most tenacious and jealous eye, even supposing that deviation be evidently for their good.

I agree with Mr. Rickards, that it would be a most desirable thing to construct reservoirs for water, as well as to have all the tanks cleared out, a subject, I know, Mr. Duncan has had for some time past under his consideration, as well as some police regulations; but how far it may be proper, just at this time, to make so large an outlay as will be requisite of the Company's money, is a question for serious consideration.

It is more from this want of water that I conceive the cultivation on Salsette does not more rapidly increase, than from any cause of excessive taxation, the inhabitants only paying one-third of their produce, which I cannot call excessive.

The paper given in to Mr. Duncan by Dr. Scott, who has for many years been in a manner living on Salsette, ought to have much weight; and I am happy in having it in my power to say, that during a circuit I made of the island by desire of this Government, in the year 1803, I perceived with much satisfaction the very improved state of the inhabitants in general, when compared with the situation I saw them in some years before.

Since the period I made the tour of the island, I have almost the whole time acted as the Judge of the Provincial Court of Session, and consequently have had very frequent opportunities of seeing the general state of the people and country, both of which have impressed me with a conviction that the situation of the inhabitants was much improved, and that cultivation was increasing.

This improvement may not have been perhaps so rapid as might have been expected from the various reliefs afforded the inhabitants by this Government for some years past; yet I have not a doubt but it will continue gradually to increase, and the more particularly so if there should be a more abundant supply of water procured.

Whether this improvement would be accelerated by the introduction of a new plan of management, must be a mere matter of speculative opinion, on which it may be hazardous to pronounce; but as the island undoubtedly is, under the present arrangements, advancing in cultivation, I am not for interrupting that certain progressive amendment, by the introduction of a system that may lead not only to undo what has already been done, but may tend much to alarm the inhabitants, and which may ultimately not prove at all to answer any of the good purposes intended by it.

If it is possible to decrease the expense of the collections, the measure will have my most hearty support and approbation.

Should the honourable Court be inclined to try the plan brought forward, and so ably supported by Mr. Rickards, they will communicate their directions to us, when the Board will afford every facility that may lie in their power to the successful issue of the undertaking.

Bombay, 16 July 1808.

(Signed)

Thomas Lechmere.

Resolved, That according to the sentiments of the majority, no innovation be made by this Government, without a reference to their superiors on the system and principles of settlement for the island of Salsette, which, having been originally sanctioned by the Supreme Government, has since been approved and confirmed by the honourable the Court of Directors.

This Resolution does not, however, extend to such part of the island of Salsette as is not under cultivation, and, as such, occupied by tenants to whom a proprietary title has been conceded.

In the event, therefore, of Mr. Rickards finding it practicable to make trial of his financial system in those parts of Salsette that lie thus open to experiment, the honourable the Governor in Council will very readily concur in such measures as Mr. Rickards may, in consistence with the preceding general exception, suggest for that purpose.

And, inasmuch as the inhabitants of Caranja appear to have requested Mr. Rickards' system of finance to be introduced among them, the Governor in Council is very willing that Mr. Rickards should immediately proceed with the experiment in that island, which will also facilitate the beneficial object that Mr. Rickards views as practicable in making a large reduction in the charges of collection.

Resolved also, that Mr. Rickards be invited to bring forward, for the consideration of the Board, those reductions of expense in the island of Bombay and Salsette, and generally throughout the Company's possessions under this presidency which have occurred to him to be available, and which the present exigencies render most expedient to realize to the utmost limits of prudence, sound policy and justice, with reference to which this Government has been engaged in such reforms for these twelve months past, and having not yet closed their proceedings, each member of the Board will, more particularly in view to the recent call of the Secret Committee, as communicated from Bengal under date the 24th June last, be prepared to contribute whatever may appear to either of them to constitute remaining sources of admissible retrenchment within the limits aforesaid.

EXTRACT BOMBAY REVENUE CONSULTATIONS, 29th July 1808.

IN delivering in the following Minute, Mr. Rickards begs leave to observe that he had completed the rough draft previous to his seeing the letter from Bengal of the 24th ultimo, with its enclosure from the honourable Court of Directors. The remarks have, therefore, no reference to any other than the vouchers mentioned in the first paragraph of his Minute; on the very important contents of the Bengal letter, he proposes to submit his ideas and suggestions separately, and shall be most happy to co-operate with his colleagues most cordially and zealously in any measure likely to relieve existing difficulties, or promote the public good.

Mr. Rickards begs to request his present Minute may be transmitted to the Court of Directors by the first dispatch which may leave India, as a necessary sequel to the papers on this subject already submitted to the honourable Court's consideration under date 9th instant.

MINUTE:

ON the propositions contained in the honourable the Governor's Minute of the 8th instant confirmed in Mr. Lechmere's of the 16th, and the resolutions of Government of the 22d, tendering to my management the proposed reduction of native establishments on Salsette, and the settling of wealthy capitalists on the waste lands of the island, I beg leave, in the first place, to express my acknowledgments of the Board's acquiescence so far in the suggestions I have had the honour of submitting in this respect to public consideration, but to decline having any thing to do in a partial execution of my proposed experiment. From a trial by piece-meal, and particularly of those parts of the experiment likely to be least relished by the present inhabitants, failure and discredit could alone be anticipated. Neither can it be desirable to run the risk of the whole experiment in opposition to the decided opinions of the first local authorities, and their consequent influence. I have no personal wish, or motive whatever, to interfere with the administration of Salsette; my reasons for selecting the spot for an experiment need not be repeated; and, as the whole proceedings are referred to the Court of Directors, I prefer to abide by their decision. If they are pleased to view without offence a humble attempt to promote the public good, to order the experiment, and that it should receive that entire and cordial support on the part of Government which a new undertaking of this nature may very possibly be found to require, my utmost exertions shall still gladly be contributed to give it effect. In this case, however, I could respectfully submit to the honourable Court the expediency of authorizing such eventual sacrifices of present land revenue as particular cases of hardship, or views of useful encouragement, may seem to require; these may not be necessary; but even if they are, portions can only be trifling where the whole revenue of the island is in itself but inconsiderable. If, on the other hand, the honourable Court are pleased to deem the whole scheme inexpedient, I shall bow with patient submission to the decree, and feel personally no other regret than that of the unnecessary trouble it has occasioned. It is on public grounds only that I have proposed it;—for public purposes alone that I should wish to prosecute it; and with no other personal motives or expectation than that of public benefit; but, if the scheme be finally proved and adjudged to be a vain speculation, far be from me the silly vanity of urging it into further notice.

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(23 July 1808)
respecting Salsette.

The honourable the Governor has correctly stated his having offered the island of Caranja for the experiment proposed. I believe the offer was repeatedly made, but he, no doubt, also recollects it was as often rejected from the total unfitness of the spot. Its situation in respect to Bombay affords no attractions to wealthy settlers; it is divided from the presidency by a considerable extent of sea, always inconvenient, and often extremely tedious to cross, being very small, its valleys are already fully peopled and cultivated; it has, therefore, no waste lands of sufficient extent or natural fertility to induce new settlers to occupy them; and the wastes that are there consist chiefly of high hills of barren rock and slender soil, which nothing but a superabundant population of the utmost efficiency and industry would ever attempt to cultivate. The honourable Court will, therefore, I trust, not impute to me a fastidious rejection of the honourable the Governor's offer, when it would seem to be but too certain that nothing again but failure and discredit could result from the attempt in so limited and altogether ineligible a district.*

In composing the Essay of the 24th September 1807, subjects occurred, and are therein noticed, which it was impossible fully to elucidate without protracting that paper to a most inconvenient and tedious length. I therefore determined to enlarge on those particular subjects in subsequent supplemental Minutes; that recorded under the 9th instant is one of them; others will also be submitted in support of other parts of the argument, as I may have leisure to complete them, and these, from the particular subjects thereof, will contain my ideas on some of the general principles adverted to in the honourable Governor's Minute. Indeed, it is to these general principles I could wish the discussion to be confined; questions of a particular tendency I sincerely deprecate.

There is one argument, however, adduced by my colleagues against the general propositions I have taken the liberty of submitting to them, part of which at least, from its apparent plausibility, may, in the scrupulous breasts of English judges, be considered of more weight than it really merits, if not properly sifted, and therefore requires a few immediate observations. Its apparent plausibility, however, is only my present opinion; I may be mistaken; and if so, shall be thankful for the communication of such lights as would convince me of my error; an additional inducement for noticing it here. The argument alluded to is the objection that seems to be preferred generally against the propositions I have at different times advanced; that they are only calculated for Europeans, and totally inapplicable to Asiatic polity; and the great danger and impolicy of interfering with the established usages and existing systems of the natives.

Although the greater part, and all the reflecting part, of my life has been passed in India, and though a mind constantly employed in various departments of its administration cannot be supposed to be devoid of Asiatic impressions, yet, independently of these considerations, I must certainly have taken pains to very little purpose, to instruct myself in the principles of my present profession, if those principles have any other limits than that of the earth itself. The habits, the manners, the prejudices, of the inhabitants of different countries, are all of human institution; their varieties are of course subject to local regulation, and justly claim the attention, though not the primary attention, of practical politicians; but the principles of natural law have their origin in the divine will. That law is immutable; it is not only the same every where, but the best every where; and instead of conceiving the genuine principles deduced therefrom to have a mere local use and application, I should rather be disposed to question the authenticity of such as were not generally useful and applicable in every region of the civilized world.

It is but natural for the sciences to be most improved in countries where learning is most cultivated; all the other branches, astronomy, chemistry, &c. &c. have also been brought to their present state of refinement among the most enlightened nations of Europe, but their local origin or progress does not affect the prevalence of their doctrines; these must be universal to be true; and is that which its most distinguished professors proudly boast to be the noblest and the most useful of all, to be a solitary exception; must it be degraded to the level of a mere district regulation?

On what grounds, moreover, of experience or practice, these principles are admitted to be applicable, but only applicable to the national intercourse of Europe, I cannot clearly discern, for I know of no nations in that quarter which act up to them. Those few which approach nearest in practice to the best economical principles are certainly the most flourishing; whilst the widest deviations from these prescribed rules involve in Europe, as in Asia, the greatest checks to national improvement, and consequent political debility.

The universality and immutability of the great laws of nature; in respect to civilized societies, may however be inferred, among other proofs, from the invariable similarity of structure and constitution of the latter; we find every where the same classes of labourers, cultivators of the soil, manufacturers and mechanics, commercial agents of different denominations. Wealthy proprietors, where their existence is not suppressed, ministers and princes, or ruling authorities; different customs, laws, or religious prejudices, may subject these

* I do not mean by this to say, that that part of the experiment would not succeed in Caranja which regards the present inhabitants; but, for the reasons given in the Essay, little could be expected

pected from these alone; and the effect might, for a long time to come, be so little perceptible, that sceptical minds would still question its success, not because proof did not exist, but because it was not sufficiently striking.

these classes to different modifications or restraints, may even require different methods of carrying the same principles into execution; but these do not affect the origin, or the relative uses of the respective classes, the causes, or the consequences of their reunion in the great social body. Since labour, therefore, every where supplies wealth, and wealth supports labour: since there exists universally the same dependence of the different classes on each other, it is but reasonable to infer, that their mutual comforts and advantages, their happiness and prosperity, are alike promoted by the same rules, and dependent on the same principles, *hic et ubique*.

Considering too, the other more immediate objects of my remarks, is agriculture, permit me to ask, any thing in India but the cultivation of the soil? or commerce any thing but the distribution and exchange of its productions? or manufactures any thing but the preparation of commodities for the supply of human wants? Do not mankind live by agriculture, commerce, and manufactures in India as in all other, though not quite so preposterously to be sure as in some parts of the civilized world? Are the love of gain, the desire of enjoyment, or the sense of self interest, different passions in Indian and European breasts? Is wealth a different thing in the Asiatic and European world? Is its source or its mode of acquisition different? or the purposes, after acquisition, to which it is applied? Are not the freest and lightest-taxed communities among us the most industrious, the most prosperous, and the most wealthy*? And is not the greatest multiplication of individual wealth the most effectual method of conducing to the resources, the strength and permanency of the state. These are matters, I humbly presume, which depend much less on the habits and prejudices of men than on principles of a far higher origin. It is remarkable that the means of prosperity in these branches are perfectly consistent with all the varieties of national manners, except under the very worst of existing governments; and it will probably be found on due investigation that those fundamental rules and principles for the promotion of prosperity are the best, whether in the East or in the West, in the North or in the South, which are most conformable to the immutable laws of natural order.

But the argument of innovation should not, at all events, be used merely to answer the purposes of objection: if it is admissible in one instance, it must be in others. Now I apprehend the history of our administration in this country will be found to contain a long series of innovations to the full as striking, and some far more obviously, and decidedly repugnant to long-established habits, than what I have lately ventured to propose. The records of every Government in India exhibit numerous examples thereof: the Permanent Settlement itself is an instance; but to say nothing of the various others, has not the Bombay Government very lately sanctioned one, and the supreme Government most highly approved of it? And in a quarter too where innovation is alleged to be most dreaded, where the habits of the people have been officially represented to be "so vigorous and firmly established as to be most difficult to overcome." I allude to the abandonment by the Guzerat and Kattywar chieftains of the old and prevalent usage of Muluckgeery, which the Resident at Baroda was authorized to negotiate, even under the co-operative influence and presence of a large military force, and which, with his usual ability, he at length brought to a successful issue. But can any man for a moment doubt the advantage of this abolition of an old custom; or conceive that the chieftains and inhabitants concerned in it will not be equally satisfied when they have experienced its benefits? The argument, therefore, is wholly inapplicable, unless the proposed innovation can be first proved to be mischievous, instead of beneficial: where the latter object only is in view, we have recorded proof, and the most confirmed experience†, of its being unobjectionable in cases not connected with the religious or superstitious sentiments of the people; and, from long personal intercourse with the natives of this country, I can confidently affirm that their attachment to their own agricultural or commercial economy is not of a nature to render partial changes either

* On a late excursion into the Deccan I was exceedingly pleased and surprized to observe the great appearance of prosperity which the city of Poonah exhibited, and which was the more remarkable after the scenes of desolation, plunder, and famine, it had been so lately subjected to: all the principal streets and bazars were crowded with people, whose dress and general appearance displayed symptoms of comfort and happiness, of business and industry, not to be exceeded in any of our own great commercial towns. The whole, indeed, was a smiling scene of general welfare and abundance. On noticing this to the Resident, he informed me that the Paishwa, since his return, with a view of promoting the prosperity of Poonah, had exempted it and the surrounding country from every description of tax; and, to prevent the possibility of exactions unknown to himself, had even abolished the office of cutwal. This fact is at least one proof, among various others, of the practicability of introducing what are termed the European principles of economy into Indian societies, with the same happy effects as have been experienced elsewhere.

† In a late Letter from the Collector of Kaira, to whom a part of the above-mentioned muluckgeeree negotiation was intrusted, we have an additional proof of what is here advanced. He reports as follows: (Letter, 29th June 1808.) "Although I found it necessary to have several personal interviews and negotiations with the Gago Zemendars before I could surmount the effects of their naturally inherent suspicions at any change in the administration of circumstances connected with their pecuniary payments, still their judgments were not at length inaccessible to the great advantages to be derived from the permanent system of amelioration negotiated for their good by the Resident at Baroda." We have pretty plain proof, indeed, in the whole of the late negotiation, that native Indians, (not the most remarkable for civilization, and not very firmly subjected to our control,) may be persuaded to sacrifice many of their civil and military habits to views of personal benefit.

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either dangerous or impracticable, provided the people to be subjected to the change are only first convinced by plain arguments, and clear demonstration, that it is calculated to promote their own benefit. Attempted changes without this previous conviction, or by means of actual force, have frequently been attended with evil; but the case is widely different which receives the entire concurrence and unreserved co-operation of all concerned. To urge, indeed, the inviolability of human laws and customs, is, in fact, to maintain the impracticability of amendment, and supposes the passive doctrine of its being better to suffer existing evil than to make even the most virtuous efforts to remove it.

After all, the proposed experiment differs essentially from a general innovation: a very simple change in the mode of revenue payments, confined to a very small district, where similar changes have been repeatedly and safely made, without an idea of compulsion, or even wish of extending it beyond these limits, except on confirmed proof of its benefits, and consequently its probable acceptability, can scarcely be deemed hazardous, or likely to prove generally offensive. Or can it be justly said to intend the abolition of existing systems in any district, otherwise than as local circumstances may appear to render advisable, and under such precautions as shall ensure the approbation, by consulting the prejudices, and local usages of the inhabitants? In all conversations on this particular subject, in official papers, and once very lately on these records, I have uniformly expressed an aversion to the execution of any public measure affecting the private interests of Individuals, except with their full approbation and consent; and it was under this impression that I proposed myself to conduct the experiment; but, in the hands of a collector he might conceive any thing short of the full execution of the measure, or of its enforcement, if necessary, an imperfect compliance with the wishes of Government. I had also another motive, and that is the conviction that theories, when reduced to practice, are seldom found to accomplish the fulness of their promise: modifications are often necessary, without affecting their original principles, to adapt them to particular circumstances; and I was desirous of satisfying my own mind that nothing was attempted which should not afford a reasonable probability of success. The Court of Directors, I humbly hope, will hardly conceive that success to be at all dependent on a total change in the manners and tastes of the natives, or ascribe any such inference to a plain fact avowedly advanced, for no other purpose than to show the advantage of moderate and divided taxation, not over the French system of economy*, but over the widely-different land-tax of India;—to show, in fact, whether taxes be or be not ultimately paid by the land; that it is infinitely more advantageous and productive to allow wealth to circulate, and enrich a community, previous to its contributing to the public impost, than for Government to absorb that wealth before circulation, or as soon as it is annually produced.

Bombay,
23 July 1808. }

(Signed) R. Rickards.

Ordered, That the preceding Minute be circulated for the consideration of the Board.

EXTRACT REVENUE LETTER to BOMBAY, dated 10th January 1810.

Letter from 9 July 1808.
(Para. 3, ad fin.) Referring to an Essay on Taxation, delivered in by Mr. Rickards previous to his taking his seat in the Council, accompanied with Documents and Explanations, Minutes by that gentleman; and likewise to a Minute delivered in by Governor Duncan, and illustrated with Documents containing his sentiments upon Mr. Rickards' proposition.

Para. 156. General discussions upon subjects of science, when conducted with temper and moderation, have, we are inclined to think, in all cases, a beneficial tendency. In the observations, therefore, which we may think it necessary to make upon Mr. Rickards' Essay and Minutes, so far from wishing to be understood as meaning to discountenance any attempt to throw light upon a subject both intricate and important, we shall always feel disposed highly to approve of and encourage this species of disquisition, even when, as in the present instance, we are not prepared to adopt the conclusions which may be deduced by the inquirer from principles which he may deem incontrovertible in their nature, and of invariable application. To the zeal and talents of Mr. Rickards, of which, on the present occasion, he has given unequivocal testimony, we are willing to do ample justice; and though we cannot avail ourselves of this exertion of them in its full extent, he will not on that account, we trust, show himself less ardent or less active to promote the interest of his employers.

157. Mr. Rickards' financial project, though he only now proposes to make an experiment of its practical utility in Salsette, has no particular reference to the actual circumstances of that island; but seems equally applicable to any or all of our other territorial possessions. It is founded upon defects supposed to be inherent in the constitution of our whole revenue system, and professes to be a general remedy for the numerous evils resulting, not from necessary causes, but from an unnatural, mistaken, and perverse policy.

158. The

* Although the French economists proposed to draw the entire public imposts directly from the land, yet I apprehend the revenue systems of India would be found on comparison to be perfectly abhorrent to their liberal principles. The great

proprietors deriving the utmost possible product net from their estates by the means therein explained; and whose expenditure constitutes the most important features of the French scheme, are here entirely wanting; the very source of prosperity remains yet to be created.

158. The leading features of Mr. Rickards' plan may be described in very few words. Its objects are to relieve the land from all immediate burthens, and at the same time to preserve to Government a revenue equivalent to that which is now derived from the produce of the soil. For this purpose its author would make over in perpetuity the land in full proprietary right to the present occupiers, leaving them to cultivate and improve it without any control or interference on the part of Government; the house of each occupier to be assessed with that portion of revenue which he now pays to Government from the land; the rate of this assessment on houses to be fixed in money, never to rise, but on the contrary, gradually to decrease, in proportion as it may be found practicable to transfer part of the burthen to shops, or to commute this source of revenue into taxes upon articles of consumption, such as tobacco, arrack, &c. till it be reduced to what is termed an uniform and moderate standard. The advantages of this arrangement are stated to be a simplification of the collection of the revenue, a strong encouragement to industry, consequent improvement, and a rapid increase of general prosperity. The plan also provides for the cultivation of waste lands, by a proposal to grant them free of all tax to any persons who may undertake to reclaim them; the houses of the occupiers of such lands at the end of fifteen or twenty years, and not until then, to become liable to the general house-tax, which it is supposed will, before that time, be every where reduced to the uniform and moderate standard already mentioned, that is, when a general tax *ad valorem* shall have been imposed upon all houses in the island, without any reference to the produce of the land. And lastly, Mr. Rickards proposes that Government shall establish tanks and reservoirs upon the island for the purpose of irrigation, subject to a tax sufficient not only to reimburse the expense of construction, but also to compensate for the reductions made in what may be called the representative house-tax.

159. Mr. Duncan having in his minute entered into a detailed examination of the merits of the financial project, of which we have just stated the outline, and the general scope of his observations meeting our concurrence, it will not be necessary for us to expose at any great length the objections to which it seems liable; objections which we should think must appear even to its author, on further reflection, to be quite insurmountable.

160. The principles of taxation, as developed in the beginning of Mr. Rickards' Essay, are unquestionably just. All the institutions by which the economy of states is regulated or upheld, may be considered as more or less perfect, in proportion as they are conformable or incongruous with the established and immutable laws of nature. But it must not be forgotten, that these laws, though invariable in their principles and tendencies in every clime and country, and among every race of men, are liable to be impeded, and sometimes obstructed in their operations, by the ignorance or perverseness, the prejudices or passions, of those whose welfare it is the object of the lawgiver to promote. It is as much the intention of Providence that we should be wise and virtuous, as that we should be prosperous and happy: nay, the possession of wisdom and virtue has, by an eternal and immutable law, been rendered necessary to the attainment of any considerable portion of happiness and prosperity. The obvious way, therefore, to make a wretched people happy, is by improving their moral habits; and the way to make a poor nation rich, is by enlightening it.

161. It is undoubtedly the duty of Governments by their institutions to come in aid of the laws of nature, to endeavour to invigorate their action where it is languid, and to restore it where it has been suspended. But this never can be a sudden and momentary operation. As the declension of states is generally gradual and slow, so also must be the progress of their renovation. Hence the necessity to which legislators are reduced in framing their judicial and financial systems, of consulting not only the order of nature as originally established, but the actual situation of the people to whom they give laws. Hence also the distinctions universally acknowledged to exist, though frequently lost sight of in the warmth of discussion, between the theoretical and practical fitness of forms of polity.

162. There thus arises a strong presumption *à priori*, that a system of finance which might be well adapted to a nation highly enlightened, and far advanced in the career of civilization, would be unsuitable to a people, who, though not barbarous, are certainly ignorant; and whose poverty is the result not of a faulty and short-sighted administration, but of deep-rooted prejudices and habits; which, while they remain unshaken, must by limiting their wants, for ever restrain their industry, oppose the accumulation of wealth, and are indeed altogether incompatible with the existence of a prosperous and flourishing country. It is inattention to this circumstance which must have led Mr. Rickards astray; though it does to us appear surprising, that a gentleman of his experience and observation should so far have mistaken the nature of the evil for which he has attempted to propose a remedy. The artificial and unnatural division of a people into casts is perhaps the most effectual method that could be devised by the ingenuity of man to check their improvement and repress their industry. It is so diametrically opposed to the strongest principles of our nature, that wherever such a distinction exists and is rigidly observed, it is impossible for enterprize to thrive; and it is altogether vain to talk of counteracting its mischievous tendency by any code of fiscal regulation. Did it ever occur then, to Mr. Rickards, when he was recommending a system of taxation founded upon the established order of nature, that this order has been so much disturbed in those countries where he wishes his system to be introduced as to render it wholly inapplicable to their present situation? Or if this did not escape his observation, is it possible

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he could imagine, that an alteration in the revenue system now in force would have the effect of completely changing the character and habits of the people, and new modelling the whole mis-shapen structure of society, in defiance of a strong host of prejudices of every description, arrayed against innovation, and resolute to maintain what from age to age they have been accustomed to venerate.

163. Without meaning to lay it down as a maxim of invariable application, that in no conceivable circumstance there should be any deviation from the principles and views which have influenced the formation of the permanent settlement of our territorial possessions, it is desirable, for very many reasons, that the system adopted for their administration should be as uniform as possible; and particularly that where it has been once proclaimed it should not be lightly abandoned. Were we to innovate upon our own institutions, our measures would assume an appearance of fickleness and levity, little calculated to obtain that respect which is necessary to the stability of the Government.

164. In the present instance, the change proposed does not in our opinion offer so much as a contingent prospect of advantage. For what is it? Mr. Rickards wishes to transfer the tax from the land and to lay it upon houses, still the change is only nominal; the tax must, as before, be paid from the produce of the soil, and the land in reality would not be relieved of the smallest fractional part of the burthen to which it is at present subjected. There is indeed a very strong objection to a commutation of this sort, though it be merely specious and nominal; which is, that a people of circumscribed notions like the Hindoos would feel much more reluctance to pay a large revenue from a subject which yielded them nothing but imperfect shelter, than they would to admit the Government to a reasonable share of the profits which they derive from cultivation.

165. It is not necessary here to enter into a discussion of the opinions of the French economists; they, like most of the advocates for favourite theories, probably went too far: Certain it is, however, that their system was very ably supported, and that it still has a numerous class of adherents even in this country. The existing revenue system in India, while it resembles it more than any that ever has been acted upon in Europe, is free from one of the chief objections to which Mr. Neckar considered that of the economists to be liable in practice, namely the impolicy of a government deriving its revenue from any single source. But though in no European state an attempt has been made to reduce to practice the doctrines of these very ingenious speculators, neither on the other hand has any government so far testified its aversion to them as to abolish a land-tax where it had previously existed. Mr. Rickards, therefore, has against him not only a class of the most acute, and as some people think, of the most profound, reasoners on matters of political science that ever existed, but the practical financiers of every country in that part of the world, upon the history and observation of which his notions seem to be chiefly founded.

166. We are willing to concede to Mr. Rickards (but by no means to the full extent of his argument) that considerable inconvenience does arise from Government absorbing a large proportion of the revenue of land before it has time to circulate and reproduce. But what tax has not its inconveniencies? Would not a tax upon the bushel of corn, or a tax upon the loaf of bread, equally effect improvement by raising the wages of labour as a tax upon the acre of ground? We have indeed the authority of Dr. Smith, that a tax on land has no such effect,—“When,” says he, “instead either of a certain portion of the produce of land, or of the price of a certain portion, a certain sum of money is to be paid in full compensation for all tax or tithe, the tax becomes in this case exactly of the same nature with the land-tax of England” (and we may add of the same nature with the tax imposed under the permanent settlement in British India). Then, says the doctor, “it neither rises nor falls with the rent of land. It neither encourages nor discourages improvement.”

167. Had our revenue system been the same with that which obtained under the Mogul and the Marhatta Government, and that which is in force in Guzerat at this moment, then indeed Mr. Rickards would have just reason to complain of its paralyzing effect upon the active powers of the mind, and consequently upon the general prosperity of the empire. But the great object of our policy has been, and still is, to subdue the original vices in the character of that system, and so to modify it, that, according to the high authority just now quoted, it may have no tendency to discourage improvement.

168. Mr. Rickards has founded much of his reasoning upon a division of society into two classes, the one of which is supposed to be productive, the other unproductive. The justice of this distinction, though it can boast the support both of the economists and the enlightened author of the Enquiry into the Nature and Causes of the Wealth of Nations, has been very ably combated, by objecting the utter impossibility of drawing any line by which it can be marked. For example, what possible reason can be given by the followers of Quesnai, for, considering the man who drives a plough as a productive, and the man who makes a plough as an unproductive, labourer? Nor is it easier to conceive why Dr. Smith should have ranked a person who sings a song in the latter, and a person who writes a song in the former, class, merely because the one produces something tangible, whereas the other does not. Governments are necessary to the protection of subjects, as subjects are to the support of Governments. The soldier who shields the peasant while he is cultivating his field, from the annoyance of the foe, performs his part towards the improvement of the land; and the Magistrate, whose duty it is to give security to property after it is acquired,

quired, contributes more even than the capitalist himself towards the public prosperity. Let it not be imagined, therefore, that the revenues of a state lose all powers of reproduction from the moment that they pass into the chest of the Collector.

169. It may also be observed upon this branch of the subject, that capital is much less necessary to promote cultivation in India than in Europe. The soil, owing to its extreme fertility, produces with less labour; and the implements employed in agriculture are so simple, that farming is carried on at a comparatively trifling expense. It is worthy of remark also, that in Salsette, where more capital perhaps has been expended than upon the same extent of territory any where else, its effects, according to Mr. Rickards, are scarcely perceptible, and must be allowed on all hands not to have been very considerable.

170. Neither is it irrelevant to the present subject of discussion to inquire, whether, in the Guzzerat, the grassia lands, which pay only one half or three quarters of a rupee per bhegha, are better cultivated than those of the Sirkar, which pay from three to four rupees. The grassia proprietor seems there to be nearly in the situation of an European landlord, who derives a rent from the land, and pays a very moderate tax to Government. Yet we do not find, from any of the reports of our servants employed in that quarter, that this difference of circumstances has produced an effect either upon the face of these districts, or the condition of the inhabitants, such as Mr. Rickards' speculations would lead us to expect.

171. From every point of view, then, in which the subject can be contemplated, we are compelled to return to the observation with which we set out,—that the project supposes a state of things which does not exist, and which it could in no way be instrumental in creating. Mr. Rickards is himself aware of the impossibility of raising the revenue, in the first instance, from articles of consumption, and therefore he proposes to raise it from dead stock, till industry and wealth, and consequently consumption, so far increase as to yield a revenue equal in amount to that now derived from the land. And all this, he calculates, may be brought about in the course of fifteen or twenty years! As if people whom it is difficult, if not impossible, to convince that there is any value in a simple arrangement, by which security would be given to property, and stability to the relations subsisting between them and the Government, would all at once comprehend abstract and metaphysical deduction; as if religious prejudice, the long-established order of society, and ancient and rooted habits, would suddenly yield to reasoning, however persuasive, however forcible; as if, in short, a financial theory could possess virtue to call into being desires, wants, the means and the power of gratifying them, in a society enthralled by ignorance, indolence, and superstition.

172. The comparison instituted by Mr. Rickards between our system of Indian finance, (if by that is meant the system practised under the permanent settlement) and the *taille*, or tax upon the profits of stock employed in agriculture, formerly levied in France and other countries of Europe, is wholly unfounded: no two things can be more unlike. The *taille*, one would think, must have been copied from the old Mogul practice, so closely did it resemble it in all its details. In France, the assessments were made by elections and generalities, as they are made by villages and districts in the Guzzerat at this day, varying from year to year, according to the reports delivered in to the council in the former instance, as they are to the collector in the latter, concerning the respective abilities of these villages and districts, founded upon a survey of the state of the crops. In France also the deficiencies of one parish were made good by the other parishes in the election, just as a whole village in India was under the Moguls held responsible for the revenue payable by all its members; this coincidence is very remarkable; and when Doctor Smith, speaking of the *taille*, reprobated it as tending to discourage cultivation, and consequently to dry up the principal source of the wealth of the country where it obtained, he did not apply to it stronger language than we have employed in this very dispatch, in treating of the financial system established by the Mogul Government in the Guzzerat. It is neither our wish nor intention that this system shall endure; and when the revenue system now in force in Bengal shall have been introduced into Salsette and the other territories which have been lately annexed to the Bombay presidency, many of the evils for which Mr. Rickards proposes a remedy (indeed all which it is practicable to cure by any code of financial regulation) will be found no longer to exist.

173. That some time may elapse before this change can be brought about is probable from the indifference hitherto manifested by the inhabitants of Salsette, and also, perhaps, from a doubt on our part whether it would be safe to give up that security for realizing the revenue which we now possess by watching the crops and keeping them in our possession till it is paid. But Mr. Rickards's plan is still less likely to suit the taste and wishes of the inhabitants than that which we propose to them, because it is more difficult of comprehension and diverges farther from the line of their present habits, while at the same time it offers no additional security to the revenue.

174. From all these considerations we are decidedly of opinion that no advantage could result from Mr. Rickards' financial project, in so far as it proposes a commutation of the revenue from land to houses, which may not be better attained under our Permanent Settlement, and that the former is even liable to some weighty objections from which the latter is exempt.

175. There does not seem to be any thing in the plan proposed by Mr. Rickards for improving waste lands, when separated from the other branch of his scheme, deserving particular

No. 3.
Revenue Letter
(10 Jan. 1816)
on Mr. Rickards'
Essay on Minute.

Smith's Wealth of
Nations, Book v.
chap. 2.

No. 3.
Revenue Letter
(10 Jan. 1810)
on Mr. Rickards'
Essay and Minute.

cular notice. We hope, indeed, that means will be found of rendering them productive in a shorter period than fifteen years.

176. Of his suggestion to establish tanks and reservoirs in Salsette, with a view to promote the improvement of cultivation, we highly approve. We are happy also to find that a measure of this sort had engaged the attention of our Governor, and that he is employed in collecting information which may facilitate its execution. From his exertions, united to those of Mr. Rickards, we participate a result highly beneficial, not only to the agriculture of Salsette, but generally to our territories situated on the western continent of India, and placed under your administration. For any expense, therefore, which Government may be at in constructions subservient to this object, we have no doubt that we shall be able amply to reimburse ourselves by a reasonable assessment, after leaving to the cultivator a proportionate share of benefit. This source of improvement therefore we particularly recommend as fit matter to employ your utmost industry and zeal.

Letter from 14 October 1808.

(Para. 2 a 6.) Referring to a Minute delivered in by Mr. Lechmere, containing his opinion upon the Essay and Minutes of Mr. Rickards, and communicating the Decision of the Board thereupon.

178. We observe that Mr. Lechmere coincided in opinion with our Governor upon Mr. Rickards' proposal. We certainly should have strongly disapproved of your proceedings had you attempted, without consulting us, to introduce a revenue system into Salsette, founded upon the principles already discussed. We are far from regretting even that Mr. Rickards declined availing himself of the latitude which you left him, to make an experiment of his system upon the waste lands of that island, or upon Caranja, convinced as we are that it would be attended with no advantages which may not be better attained by other means. A general retrenchment in the present revenue establishment is certainly very desirable, but we know no way by which this can be so well effected as under the Permanent Settlement, which when once introduced will, we trust, in great measure supersede the necessity of employing the long retinue of native agents now attached to the collector's cutcherry.

Para. 7. Adverting to Proposals received from some wealthy inhabitants of Bombay to become landed proprietors in Salsette.

179. You are already in possession of our sentiments respecting the general policy of arrangements of this sort, which we shall always be ready to sanction when formed upon an equitable basis.

No. 4.

Copy of a MINUTE recorded by Mr. Colebrooke, on the Revenue Consultations of *Bengal*, the 20th June 1808;—respecting the Extension of the Permanent Settlement to the Ceded and Conquered Provinces.

EXTRACT BENGAL REVENUE CONSULTATIONS, 20th June 1808.

Mr. Colebrooke's Minute.

No. 3.

THE final Report of the late Board of Commissioners for the settlement of the Ceded and Conquered Provinces, dated 15th April, contains propositions of so much importance and so greatly at variance with the previous resolutions of Government, that in recording my opinion, I think it necessary to go at some length into the consideration of the reasons which have been urged by late Commissioners in support of their propositions. Those reasons, as far as they relate to the question of a permanent settlement, correspond so precisely with arguments which were fully and repeatedly discussed upon the occasion of the Permanent Settlements of Bengal and Behar in 1789-90, and the territories on the coast of Coromandel in 1799, that my task will be nearly confined to show their exact correspondence, and to refer to the former proceedings of this Government for the ample discussion which they underwent, and for the final decision which was passed on the merits of the question by the honourable Court of Directors.

2. I trust that arguments which were not suffered to weigh against a measure recommended by wise and enlarged views of policy, but not then promised to our subjects, will not be allowed greater weight at this momentous period against a similar equally recommended by liberal considerations of policy, and solemnly promised by an express declaration in a legislative act.

3. Govern-

3. Government is pledged by the proclamation of 14th July 1802, 15th September 1804, and 11th July 1805, to conclude a permanent settlement with the landholders at the expiration of the periods there specified, for such lands as may be in a sufficiently improved state of cultivation to warrant the measure, on fair and equitable terms. It was judged expedient on full consideration of the subject, and with ample knowledge of the circumstances now alleged, to anticipate those periods; and accordingly in June 1807, the Governor General in Council notified to the zemindars and other proprietors, by Regulation X. 1807, that the jumma assessed for the last year of the ensuing settlement, shall remain fixed for ever, if they be willing to engage, and the arrangement shall receive the sanction of the Court of Directors.

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4. The pledge which has been thus solemnly contracted, cannot be forfeited without such a glaring violation of promise, as would indeed lose us deservedly the confidence of the people. I do not mean to intimate that the obligation which has been voluntarily contracted is so indispensable, that no exception can on any consideration be admitted; some exceptions must unavoidably be made, and the postponement of the measure is not a matter of choice, but of necessity, in various instances which have been already under consideration, and which must become the subject of further deliberation. But exceptions should be admitted for only such reasons as are clear and intelligible even to the persons whom they concern. The general postponement of the measure, a twelve months after it was solemnly announced, and when so many steps have been publicly taken for carrying it into execution, would demonstrate a degree of fickleness which would be far from creditable to Government, even independently of the higher considerations of public faith.

5. The late Governor General, than whom no man was more conversant with the subject of a permanent settlement, which had indeed engaged a large portion of his attention within the last twenty years, deliberately resolved on accelerating the highly beneficial measure of a permanent settlement of the land revenues in the Ceded and Conquered Provinces, upon a comprehensive view of the interests of the Honourable Company, and of its new subjects. There is room for regret, that the gentlemen to whom the execution of that measure was committed, should have put into deliberation, not the best means for carrying it into effect, but the expediency of the measure itself, which they were selected to execute. Giving them all credit for their good intentions in the call which they made upon the collectors to canvass a legislative enactment of Government, I feel it my duty to say, that the attention of the revenue officers would have been better directed to the requisite preparation for the settlement which had been ordered, than to the discussion of its expediency upon partial views of a most important question, which had been already decided by the Governor General in Council.

6. The objections alleged by several of the collectors, as well as by the late Commissioners, against the immediate conclusion of a permanent settlement, are principally the imperfect knowledge yet acquired of the resources of the country, the inequality of the present assessment, the great proportion of uncultivated lands, estimated generally at a fourth of the arable lands, the deficiency of population and want of capital to extend the cultivation, the existing restrictions on commerce, the want of opulent consumers, the extent of resumable land yet unascertained, the necessity of continuing certain farmers in possession of their farms, the general uncertainty in regard to the proprietary right either at present contested or not ascertained, in respect of extensive tracts of waste land, the doubtful value of the standard coin, the risk of disappointment should the settlement be disapproved by the Court of Directors.

7. Lest this brief abstract should inadequately convey the reasons alleged, I beg that reference may be made to the recapitulation in the 210th and the following paragraphs of the late Commissioners letter, where they are stated at full length.

8. All these circumstances it will be remembered existed in Bengal. They were alleged partly as reasons against the conclusion of a permanent settlement, and partly as arguments for the immediate adoption of that measure, though now all marshalled against me.

9. The argument on which, if I mistake not, the late Commissioners chiefly rely, is, that the right of participating in future improvement ought not to be relinquished, because Government is in a manner the landlord and proprietor of a vast estate, the resources of which are not yet fully brought forth, and because no other productive source of revenue exists to supply the place of the future revenue, which would be abandoned by an immediate permanent settlement. The late Commissioners therefore propose the postponement of a permanent settlement for four years, after the expiration of which period mocrerry grants to be made to the proprietors of estates which have attained a high state of cultivation. But where the resources have not been brought forth, the settlement to be made on a rissud or increasing jumma, and the assessment of the last year, whenever circumstances may permit, to be declared fixed for ever.

10. The motive of this proposition is explained, where the late Commissioners estimate one quarter of the arable lands to be yet uncultivated, and conclude that 75,00,000 rupees per annum would be relinquished, if the demand of Government be now limited to the present available jumma, of 2,25,00,000 rupees.

11. It appears from instructions issued by the late Commissioners to the collectors, as well as from several passages in the Report now under consideration, that they consider 10 per cent.

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of 18th Sept. 1789.

cent. to be a sufficient allowance for the landholder, both for income and charges of collection, and that the landholders are not at present supposed to realize more.

12. Without offering any opinion on the correctness of those estimates, I shall contrast them with the declared intentions of Government, in regard to the landholders of Bengal, when the permanent settlement was concluded in this province.

13. Mr. Shore, (now Lord Teignmouth) whose diligence of research, and whose thorough knowledge of the revenues of Bengal are universally acknowledged, and need not the tribute of praise, estimated no less than a third of the amount received from the cultivator, for the charges of collection and intermediate profit between Government and the raiat. This estimate is quoted and confirmed as corresponding with experience on the coast of Coromandel, by the Board of Revenue at Fort St. George, in the very able Report of that Board, dated 2d September, 1799.

14. It was with the belief that a third part of the collections made from the cultivator were applicable to the charges of collection, and the support of the zemindar, that the assessment in Bengal and on the coast of Coromandel was fixed for ever. At the same time Lord Cornwallis estimated no less than a third part of the Company's territory to be a jungle, and the researches in which I was engaged at that period, furnish me with grounds for the opinion that the estimate may, with great approximation to accuracy, be understood as applicable to lands fit for the cultivation, and totally exclusive of lands barren and irreclaimable.

15. With this opinion as to the extent of the uncultivated lands, Lord Cornwallis, far from desiring to reserve any right to participate in future improvement, argued strenuously against the pretension, and in these memorable words: "If the idea of permanency is to be withdrawn from the settlement now in agitation, of what avail will the power of Mr. Shore's arguments be to the zemindars, for whose rights he has contended." "They are to have the property in farm for a lease of ten years, provided they will pay a good rent for it; and this property is then to be again assessed, at whatever rent the Government of the country may at that time think proper to impose. In any part of the world where the value of property is known, would not such a concession of a right of property in the soil, be called a cruel mockery."

16. The sequel is no less forcible and convincing; but it may be sufficient to refer to that important document for the powerful arguments by which Lord Cornwallis demonstrated the propriety of declaring the settlement permanent. His observations on the power reserved to the Court of Directors, of confirming or annulling the settlement, are no less important, and bear directly upon the subject now under consideration.

17. The power of making a perpetual and irrevocable settlement of a great empire, without being subject to the revision of the controlling authority at home, would, in my opinion, have been too great to delegate to any distant government. I cannot, however, believe, that the Court of Directors would hold out the flattering hopes of a permanent settlement, which alone, in my judgment, can make the country flourish, and secure happiness to the body of the inhabitants, unless they had been pre-determined to confirm the perpetuity, if they found that their servants here had not failed in their duty, or betrayed the important trust that had been reposed in them. Nothing, I am persuaded, but our expressing doubts and fears, can make them hesitate; and as I have a clear conviction in my own mind of the utility of the system, I shall think it a duty I owe to them, to my country, and to humanity, to recommend it most earnestly to the Court of Directors to lose no time in declaring the permanency of the settlement, provided they discover no material objection or error, and not to postpone for ten years the commencement of the prosperity and solid improvement of the country.

18. Before I quit the subject of the Court of the Directors sanction, I must be indulged in one more quotation from the same Minute. It is not for the purpose of taking shelter under a great and revered name, that I shall quote from Lord Cornwallis, instead of arguing on new grounds, or in new words; but because the answers by him given to the objections which are now revived, have received the seal of the approbation of the Company's administration at home.

19. Mr. Shore had stated, that if after the notification that the settlement, if approved by the Court of Directors, would be declared permanent, the Court of Directors should not declare the permanency, the confidence of the natives in general would be shaken, and those who relied on the confirmation would be disappointed, and conclude that it was meant to deceive them. Lord Cornwallis replies, "I can only say in answer to this objection, that I cannot believe any people to be so unreasonable as to accuse Government of a breach of faith, and an intention to deceive them, for not doing what Government in express terms assure them it is not in their power to promise to do, as it must depend on the approbation of their superiors."

20. Entirely concurring in the sentiments here expressed, and in the conviction that the uncontrolled power of fixing an irrevocable assessment ought not to be delegated by the controlling authority at home to a distant government, and that the ratification of the Court of Directors will not be withheld from the permanent settlement which may be concluded, unless they discover material error in it; I can see no sufficient reason for the
previous

previous reference recommended by the Board of Commissioners, were it even still a matter of choice, and the question now for consideration were, whether the intended permanency of the settlement should be notified or suppressed.

21. But the subject of participation in the future improvement to be expected from the cultivation of waste lands, is not new to the Court of Directors. A doubt was expressed by the honourable Court, in their general letter of 19th September 1792, on this point: "If the different proprietors should be allowed to avail themselves exclusively of the whole benefit to be derived from the land, (at present left uncultivated) in the improved state of cultivation which the new system has an evident tendency to promote, such a circumstance may in process of time add very considerably to the value of possessions already too large. It is besides to be considered, that if it can be effected without counteracting the principal object of encouraging industry, Government may fairly expect in due time some reasonable participation in the wealth arising from such a source." The honourable Court afterwards remark, that the subject is connected with points of considerable delicacy; and add, "nor should we be inclined to adopt it, if it should on due consideration be thought to break in upon the principle of permanent property in the present landholders, or should appear likely to discourage or retard the progress of cultivation."

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22. It was among the last duties of Lord Cornwallis's administration to reply to the Court's letter. The general letter of 6th March 1793 expresses, "with respect to the suggestion concerning waste lands, we do not hesitate to offer it as our opinion, that any attempt to stipulate for a proportion of their produce, would greatly counteract, if not wholly damp that spirit of industry and improvement, to excite which is the great object of fixing the tax upon each estate."

6th March 1793.

23. After distinguishing two sorts of waste land, 1st. those in the level country, interspersed in more or less extensive tracts among the cultivated lands; and secondly, the sunderbunds and the foot of the vast range of mountains which nearly encircle the Bengal provinces, it is observed:—

24. "The first-mentioned description of waste ground will be easily brought into cultivation when the zemindars have funds for that purpose, and provided they are certain of reaping the profits arising from the improvement. These lands, however, are not wholly unproductive to them at present; they furnish pasture for the great herds of cattle that are necessary for the plough, and also to supply the inhabitants with ghee and milk, two of the principal necessities of life in this country. It is true that the lands in this desolate state, far exceed what would suffice for those two purposes; but it is the expectation of bringing them into cultivation, and reaping the profits, that had induced many to agree to the decennial jumma, which has been assessed upon their lands. It is this additional resource alone which can place the landholders in a state of affluence, and enable them to guard against inundation or drought, the two calamities to which the country must ever be liable, until the landholders are enabled to provide against them (as we are of opinion they in a great measure might) by the abovementioned and other works of art. To stipulate with them, therefore, for any part of the produce of their waste lands, would not only diminish the incitement of those great and essential improvements in the agriculture of the country, but deprive them of the means of effecting it. The landholders and cultivators of the soil would continue (as they have hitherto been) little more than the farmers and labourers upon a great estate, of which Government would be the landlord. In endeavouring therefore to obtain an addition to the public income, by reserving a portion of the produce of the waste lands, Government would risk the realizing of the very ample revenue which has been assessed upon the country; and landed property would continue at the very depreciated value which it has hitherto borne."

25. It may not be superfluous to observe, that the Board of Revenue at Fort St. George, in their Report dated 2d September 1799, quoted this reply, as equally applicable to the waste lands on the coast of Coromandel, upon which they remark with regret, "that the proportion is very considerable;" and the Governor General in Council on the 31st of December 1799, authorized the Governor in Council at Madras "to adopt the principles laid down in that reply, as the rules of their guidance with regard to waste lands."

26. Thus, upon the important occasions of the permanent settlements of Bengal and Behar, and of the territories on the coast of Coromandel; and after mature deliberation, a claim of participation in the future improvement of the waste lands was relinquished, to a greater extent than the proportion at which they are computed by the late Board of Commissioners in the Ceded and Conquered Provinces.

27. The happy result of the measure is now witnessed in Bengal: the reviving prosperity of the country, its increasing wealth and rapid improvement, are unquestionably due to the permanent settlement, the principle of which was so wise, that even the serious errors which were committed in filling up the outline of the plan, could not ultimately disappoint its views.

28. But the Commissioners argue, that we were better prepared for the measure in Bengal; that land is here more easily cultivated, water more readily procured, wells and public works unnecessary, capital seldom required.

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29. That is not the picture of Bengal, as then drawn: a reference to the minutes recorded by the members of Government will show, that the same representations were then made respecting the deficiency of information, the uncertainty of the proprietary right, the poverty of the landholder and cultivator, the scantiness of population, the decline of agriculture, and the depreciated value of landed property. A permanent settlement was the proposed remedy of those evils; and it must indeed have been postponed for ever, if it waited until they were remedied by other means.

30. Of all the objections which were then urged, the most serious was drawn from the still imperfect knowledge possessed by Government respecting the real resources of the different districts, and regarding the respective rights of the different classes of landholders and tenants, and the consequent extreme difficulty of distributing the assessment on the several districts with the requisite equality, and securing to the great body of proprietors and occupants the undisturbed enjoyment of their rights. A similar objection is repeatedly urged with great earnestness by the late Board of Commissioners, and by the collectors of the Ceded and Conquered Provinces; it was urged no less strenuously in Bengal, after twenty years had been employed in successive investigations, and three years had been especially devoted to enquiries preparatory to the decennial settlement. Were the permanent settlement of the Ceded and Conquered Provinces now postponed, the same objection would be again advanced with equal force and truth at the expiration of four years, or of any greater period whatsoever. The deficiency of correct information is the unavoidable consequence of the system under which the revenue is administered; persons of every description are interested, or think they have an interest, in withholding information, and suppressing the truth. Apprised of this disposition to baffle their enquiries, the officers of Government can place no reliance on the information which they receive, though it may happen to be correct. Under a different system, in which the adjustment of the rent demandable from the cultivator would be the immediate duty of the officers of Government, and a first step towards a settlement of the revenues, accurate information would be collected in a long series of patient surveys. But it is not now a question, whether the influence and authority of all intermediate orders of men between the ruler and the cultivator shall be suspended; the settlement, even if temporary, must be made in the first instance with landholders or with farmers; and the intervention of those, and of amils or tehsildars, must prevent the acquisition of accurate knowledge respecting the real resources of the lands. Minute scrutinies would be vainly undertaken; they would harass the people, with no real benefit to Government; and without such minute and vexatious scrutinies and measurements, the same complaints of the insufficiency of information obtained from general enquiries, or from accounts of doubtful accuracy, would be made at a future period as at present.

31. After the lapse of eighteen years, we are now enabled to pronounce with certainty on the solidity of the objections which were urged against the permanent settlement of Bengal. That the distribution of the assessment was not originally equal, is indisputable; that it is now equalized, will not be asserted; but experience has not shown that the inequality of assessment has been productive of those evils which were then foreboded, and which are now again anticipated, in regard to other provinces.

33. I appeal to this experience in preference to any speculative argument. The design of the permanent settlement in Bengal has been fully answered. It was the wish of the Company's administration at home, as well as of the Government in Bengal, to limit the demand of land revenue, and fix its amount on a moderate scale; it was computed that the assessment left, not ten per cent. but fifty, on the sudder jumma, for the charges of collection and income of the proprietors; it was estimated that the landholders income alone amounted to ten or fifteen per cent.; it was expected that the improvement of estates by the culture of waste lands, would enrich the landholder by the increase of his usual income, and enable him to meet the variations of seasons and temporary calamities of drought and inundation, without needing remissions of revenue.

34. Those expectations have been realized; and if the persons whose benefit was immediately intended, have not generally profited by the beneficence of Government; if a great change have taken place in the property and occupancy of the lands; this event, though much to be lamented, has arisen from extrinsic causes; and it remains an undoubted truth, that the landholders of Bengal are now in the enjoyment of an aggregate income, not indeed greater than the author of the measure contemplated, but exceeding their former profits by more than the amount which the late Board of Commissioners think too great reward of future improvement in the hands of the land proprietors of the Ceded and Conquered Provinces.

If a permanent settlement on a moderate scale of assessment, leaving to the landholder the whole benefit of future improvement from the cultivation of waste lands, was in Bengal a judicious measure, which justice called for, which the policy dictated, and which the interests of the Company countenanced, how much more is a similar measure recommended by like considerations in regard to our new territories. It is of the utmost importance; it is essential for the safety of the state, to conciliate the great body of the landed proprietors, to attach to the British Government that class of persons, whose influence is most permanent and most extensive; to render it their palpable interest to uphold the permanence of the British domination; to give them a valuable stake in the present administration of the country. This can be in no other way accomplished but by creating for the proprietors or possessors

possessors of the soil, a beneficial interest, which emanating from the British Government, would increase with its duration. The landholders enjoying their estates under a moderate assessment fixed in perpetuity, are not ignorant that a change of Government would be followed by the exaction of an enhanced assessment: love of novelty may blind some, dissatisfaction with the local administration may indispose others, some may be turbulent by inclination, others may be restless by habit. But the greater number, sensible that they benefit by the continuance of the British authority, would be little disposed to listen to the suggestions of disaffection. If on the contrary the utmost revenue be exacted, the landholders have nothing to fear and every thing to hope from a change, and the consequent impulse to promote the event, will be permanently added to the other causes of indifference or disaffection which have been portrayed by the Board of Commissioners.

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35. This has been viewed in a very just light by the late Commissioners when the settlement of Zillah Agra was under their consideration. And though there be no inconsistency in their taking a different view of the subject as relating to other districts, I cannot think that the distinction is well founded. At this period especially (could there have been at any time a doubt) every part of our Indian possessions must be considered as exposed to the same hazard and the same means of conciliation tending to ensure internal tranquillity; what are expedient in a frontier district are advisable in all; and a limitation of the demand of revenue, from which salutary effects are expected in the one, cannot be less productive of good consequences in the others.

36. This point, as of the highest importance, deserves ampler illustration. It may be drawn from past experience.

37. During the late war in Hindostan, the necessity of retaining a large force within the Company's territories, left but a small portion of a great military establishment applicable to active operations. It will be remembered that the safety of the state was thought to have been more than once hazarded in engagements fought under great disadvantage of numbers against an enemy essentially inferior, but who was able to bring his whole force into action, while a small part only of the British strength could be put forth against him. In future wars, the same necessity must again recur (I need not say how much to be deprecated) if the internal tranquillity of our provinces have not in the mean time been placed on a securer basis than that on which it then rested. But it is only by conciliating that class of men, whose conduct and disposition, whose influence and example must determine the character and condition of the people, that the tranquillity of the country can be secured. I allude to the zemindars, who are unquestionably the persons possessing most natural influence and effective power over the minds of the people: it is only by conferring on them the benefit of a permanent assessment of the land revenue, that that great body, consisting not of a few individuals, but of the numerous landholders of the country, may be suddenly and effectually gained.

38. It appears to be a very prevalent opinion, that the British system of administration is not generally palatable to our Indian subjects. Admitting this opinion to be not unfounded, it follows, that while they taste none but the unpalatable parts of that system, and while the only boon which would be acceptable to them is withheld, the landed proprietors, and with them the body of the people, must be more and more estranged from the Government, in proportion to the expectations which they had formed, and the disappointment which they will have experienced.

39. In Bengal, where the national temper is indeed less turbulent; in Behar, and in Benares, where the popular character and disposition are the same as in the western provinces, the permanent settlement has been long since tried with ample experience of its benefits; no disaffection, no discontent, are there supposed to prevail among the landholders and peasants. Is it credible that the zemindars, who have the experience of a moderate and fixed assessment, should be so insensible to the advantages which they enjoy, or so ignorant of the consequences which would follow, as to desire or in any way promote a change?

40. In fact no apprehensions have been entertained for the public tranquillity, on withdrawing the military force from those provinces. And whenever the internal peace of the Ceded and Conquered Provinces shall be as well secured, nearly the whole military establishment will be available for the purposes of active warfare. No measure would more essentially contribute to this very desirable end, than that of a permanent settlement; and even if it be attended with some sacrifice of future revenue, that would be more than compensated by an increased efficiency of military strength, giving a greater disposable force in war, or permitting greater reductions of expense in peace.

41. Neither can it be admitted that the relinquishment of a claim to participate in the future improvement of landed estates, is an entire sacrifice of the revenue. Though concurring in many of the observations of the Board of Commissioners on the subject of transit and excise duties, I cannot think it would be unreasonable to attribute the productiveness of the salt revenue and abkaree in Bengal and Behar, to the increased opulence of the country, ascribed to the permanent settlement as the principal cause of its general prosperity. In the increase of the revenue from unexceptionable sources, the Company have ample compensation for the doubtful expectation which was abandoned. In these observations I do not mean to hint a proposition for renewing the attempt, which was unsuccessfully made to establish a salt monopoly in the Ceded Provinces. The form of it was injudicious,

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and the attempt to obtain a large revenue from salt, was premature. But it does not follow that, at a future period, a judicious plan may not be devised for levying a large revenue upon that necessary of life. In most countries it is heavily taxed; and it is almost the only necessary that can be taxed with propriety and effect, in the present state of society in India. Where the opulent indulge less in personal enjoyment of luxuries, than in maintaining numerous attendants, no productive source of revenue can be looked for, except an impost on an article of primary necessity.

42. I shall only state one further reason for a decided opinion in favour of persevering in the proclaimed intention of immediately concluding a permanent settlement for the Ceded and Conquered Provinces. I allude to the abuses to which temporary settlements are liable, and which indeed have been usually attendant on them. The Board of Commissioners express themselves as aware that temporary settlements are harrassing, and afford opportunities of frauds. They describe the possible misconduct of public officers, in language which has greatly the appearance of pointed allusion; Government has not before it the grounds of judging whether abuses, which are possible, and indeed probable, have been practised to a great extent; there certainly is no sufficient preventive, nor any effective remedy, against abuses, without a permanent assessment of the revenue; and the purity of the civil service of the Company on this establishment, which was fixed in a basis apparently secure, by the system of administration established by Lord Cornwallis, would be inevitably lost in the long continuance of temporary settlements of the revenue in the extensive provinces above Benares.

43. For this and for other reasons, which have been here imperfectly stated, but which are fully set forth and amply illustrated in the copious minutes which were recorded on the settlement of Bengal, I am clearly of opinion, that the proposition of the late Board of Commissioners, for the general postponement of the permanent settlement for a period of four years, which upon the same ground on which it is proposed, would lead to a further and indefinite postponement, should not be adopted, and that the measure should be carried into effect in every practicable instance, conformably with the provisions of Regulation X. 1807.

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44. The proposition of the Board of Revenue, next in importance, is for the continuance of the tehsildars on the former footing; this proposal is stated contingent on the postponement of the permanent settlement. It will consequently be unnecessary to discuss the reasons of it, under a contrary resolution respecting that question.

45. I am glad however to observe so strong testimony borne by the Commissioners in favour of the general character of the present tehsildars. From the knowledge which the course of judicial functions had given me of the tehsildars of Benares, Allahabad and Goruckpore particularly, and of the western Zillas in general, I had a less favourable impression of their character and conduct; but independently of this consideration, the power with which they are invested was unnecessarily great, and inadequately controlled, and the intervention of such a class of persons between the landholders and the officer representing Government, appears highly objectionable.

46. In regard to the expected economy from the change of system, it will be recollected that the Court of Directors have disapproved the magnitude of the revenue charges under the government of Fort St. George, and that the amount of the charges, as remarked by the late Government of that Presidency, is very short of the expense of collection in the ceded and conquered provinces. A reduction of the charge has been promised by us, and will no doubt be expected by the Court of Directors, and the amount of the saving to be looked for from this source, cannot be rated at less than 10 lacs of rupees.

Sic orig.

47. Another proposition of serious importance brought forward by the late Board of Commissioners, is the rescinding of Regulation XI. 1793, and enacting a law by which estates, not exceeding 500 rupees, shall go to the eldest son to the exclusion of the rest. If the Regulation above cited, which abrogated the special customs of families in regard to the inheritance of land, were now first proposed, I should, without hesitation, vote against that interference with established. But it is late to rescind a law which has been in force for nearly fourteen years. I think it much more objectionable to interfere, as is now proposed, with the general law of inheritance, and in opposition to the usages of the country; we must beware of lifting a rash hand against civil institutions, which are sanctified by their association with the religion and dearest prejudices of our native subjects.

48. Very minute subdivision of landed property is no doubt inconvenient to Government. But other means may be devised of remedying the inconvenience, without interfering with the law of inheritance, and without excluding co-heirs and co-partners from the enjoyment of their several rights. Regulation VI. 1807, does not, to my apprehension, provide the proper remedy. But the consideration of this subject does not press for immediate attention.

49. I am happy to concur entirely with the Board of Commissioners, on the expediency of revising the Regulations concerning different classes of landholders and tenants, and prescribing definite rules for determining claims to property in the soil. Instructions have been issued on this subject to the Board of Commissioners, and information from them may be early expected. It may however be proper to draw their attention again to this very important subject.

50. It would be wrong to prejudice the question of the concurrent rights of talookdars and zemindars. It ought to be decided on considerations of justice and preferable right, and not on those of policy and expediency. But if the scale of justice be so equally balanced as to leave room for the admission of other considerations, I am disposed to think, that expediency might incline the scale in favour of the village zemindars against the superior talookdar.

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51. The inferior class of landholders in the Ceded and Conquered Provinces, appears from such information as is at present before Government, to be precisely similar to the village zemindars of Benares, and maliks of Behar. The talookdars correspond to the pergunnah zemindars of both these provinces. The preference was there given to the village zemindars, but that did not operate to the extent of entirely depriving the superior landholder of his estate. The greater part remained to him, as also happened in the case of the separation of inferior talookdars in Bengal, except perhaps a few instances, or a solitary one, in which nothing remained to the superior landholder, and here the liberality of Government interposed for his relief.

52. Considering the hazard which may attend the measure of depriving the powerful talookdars in zillahs Allighur and Saharunpore, of the farms held by them, the late Commissioners suggest, that the settlement may be made with them as amils, under a stipulation requiring them to grant pottahs to the inferior zemindars at fair and equitable rates, and under a prohibition to the judicial and revenue officers, against interfering on trivial occasions.

Para. 259.

53. It is known to every judicial officer in Bengal, that the provisions in the Regulations for preventing undue exactions from department talookdars, have proved totally nugatory, though the courts of justice are open to them for recourse. The proposed stipulations would not be more efficacious, and would be a very illusory fulfilment of that guarantee of private rights, which in the Commissioners opinion, it would be contrary to all principle in any case to suspend.

54. I am by no means satisfied that any necessity exists for continuing the powerful talookdars in possession of all their farms. They do not pretend to have received any permanent grant of them, or to possess any proprietary right to them. That they will be best pleased to retain them on the advantageous footing which they at present enjoy, cannot be questioned. That they would be provoked to rebellion or irritated to disaffection by the refusal to renew their recent farms, may be doubted. But even if it be necessary or advisable to conciliate these powerful chieftains by so great a sacrifice of public revenue, it would be much more for the interest of Government to grant them their entire estates in Jageer, in lieu of the more extensive farms held by them for an inadequate tribute. Their local influence would be thus restricted to narrower limits; the hazard of irritation from the interference of revenue and judicial officers would be greatly diminished; the sacrifice of the public resources would be not augmented; and Government would be at liberty to fulfil with sincerity its guarantee of the rights of landholders.

55. The late Commissioners propose, that clauses of the Regulations, under which the claims of farmers and landholders to be admitted to the settlement are maintained, should be revised and explained. I am not aware of any objection to this proposal, and considering how much doubt has been entertained, and how desirable it is that no room should be left for misconstruction or for any strain in favour of one description of persons to the injury of another, I think it may be right to introduce into the intended Regulation, a declaration of the true meaning of the clauses in question.

Para. 257.

56. I cannot omit to remark in this place an extraordinary misapprehension of the Regulations, which appears in the Report of the collector of Etawa, transmitted by the Board of Commissioners. He says, that "as the Regulation for the guidance of collectors allowed no discrimination beyond the fulfilment of engagements on the part of the zemindars or farmers, with whom the 2d settlement was in all cases to be concluded, he could not in any case eject the farmers. He could only refer the claimants to the adawlut, but he made it a rule to require an engagement from the farmer, that, if the zemindar should obtain a decree, the farmer should account to him." The collector had here totally lost sight of the 7th section of the Regulation to which he alludes, (Regulation V. 1805) where provision is expressly made for the admission of the zemindars conformably with a former Regulation (Regulation XXV. 1803, section 33) and he had forgotten that the Court at that period had no power to decree immediate possession to the zemindar, and dispossession of the farmer, in any other case but where it was already the collectors duty to admit the zemindars in preference to the farmer.

Para. 42.

57. There is some appearance of a misapprehension of the same kind in the Commissioners observations on the question between the zemindars and farmers, where they argue, that the zemindars, who declined the first settlement, voluntarily submitted to the consequences (of being excluded, not for the three years, but for ten), and especially where the Commissioners cite Regulation XXV. 1803, section 29, as directing the 2d and 3d settlements should be made with the same persons, whether zemindars or farmers, and as holding out the advantages of a long lease indiscriminately to both landholders and farmers.

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58. Another proposition of the Commissioners regards a regulation intended for the security of sureties, by giving to them the right of mortgages when they have been compelled to make good the revenue for which they were answerable, and authorizing the collector to give them possession after a summary enquiry.

59. Though consideration be undoubtedly due to sureties whom the bad faith of the landholders has subjected to heavy responsibility, I entertain some doubt of the propriety of creating by regulation a contract not in contemplation of the parties. It may however be advisable that the opinion of the Sudder Dewanny Adawlut, and present Board of Commissioners, should be taken on the proposed enactment.

60. I have felt so much concern in the necessity of repeatedly expressing my dissent from the propositions of the late Board of Commissioners, that I have a sincere gratification in passing to other propositions which have my unreserved concurrence.

61. Sales of land for arrears of revenue, should certainly be avoided to the utmost practicable degree. I entertain a hope, that means may be devised for the recovery of arrears, without recourse against the person of the defaulter, or the property of his estate. The Regulations for Benares, contained provisions adapted to that purpose; and unless it appear on enquiry that they have been neglected for sufficient reasons, I should recommend the revival of them in that province, and the extension of similar provisions to the western provinces.

Para. 262.

62. The Board of Commissioners recommend a more efficient authority in the Ceded and Conquered Provinces, to afford security to the people, and guard the interests of Government. This is desirable, not only for the immediate purpose hinted by them, but for the important end of conciliating our new subjects, who are acquainted with their British rulers, in none but the invidious characters of lawyers and tax-gatherers. They see only judges administering obnoxious laws with indiscriminating rigour, and collectors exacting the utmost revenue with uncongenial punctuality. We cannot, perhaps, establish any controlling authority, which is not connected either with the revenue, or with the administration of law. But I am willing to believe, and an incidental remark of the Commissioners authorizes me in the belief, that the Court of Appeal may be less unpopular than the District Courts, and that a permanent controlling authority in the revenue branch, would be conciliatory and useful.

63. I shall conclude by declaring my concurrence in the Commissioners recommendation, that steadiness, moderation, and justice should be the features borne by the administration of Government. But it is not by abandoning a measure deliberately resolved on, and beneficial to our subjects, that we shall approve our steadiness. It is not by grasping at the highest revenue, and wringing from our peasants the utmost rent, that we shall evince our moderation. Nor is it by depriving the sons of our petty landholders of their birth right, that we shall demonstrate our sense of justice.

(Signed)

H. COLEBROOKE.

No. 5.

EXTRACT of a Letter from the Governor General in Council of Bengal, in the Public Department; dated the 30th June 1809:—PARAGRAPHS 109 to 117, both inclusive; together with the Papers referred to therein.

PROCEEDINGS of the Right Honourable the Governor General in Council, relative to Mr. Rickards's Proposition for establishing a General Bank, and other Financial Arrangements.

EXTRACT of PUBLIC LETTER from BENGAL; dated 30 June 1809.

Para. 109.

ON the Proceedings referred to in the margin, your Honourable Court will find recorded several letters from the Government of Bombay, referring for our consideration, various suggestions and plans submitted to them by Mr. Rickards, at present a member of that Government.

Pub. Cons.
6 May 1808.
29 July —
9 Sept. —

110. The principal measure proposed by Mr. Rickards, is the establishment of a General Bank, whose operations shall extend throughout India; but as we were sufficiently acquainted with the sentiments of your Honourable Court on this subject, and as the ideas of Mr. Rickards appeared to us to resolve themselves into mere speculation, without embracing objects capable of being realized, while the machinery proposed by that gentleman for the performance of a very simple operation, was extremely cumbrous and complicated; we thought it sufficient to point out to the Government of Bombay, that no public Bank could be established without the sanction of your Honourable Court: to whose consideration, therefore, Mr. Rickards's plans, if persevered in, must, we observed, be submitted.

111. Connected with the plan of a General Bank, Mr. Rickards proposes the institution of a Sinking Fund; but your Honourable Court are aware that such a fund has long been established, both at this Presidency and at Fort Saint George; although, from the circumstance of the public securities having risen so much in value of late, the Commissioners at this Presidency have been obliged to suspend their operations.

112. Mr. Rickards does not suggest any means of raising, from any independent source, the supplies which might be required for a Sinking Fund; except indeed by retrenchments, which he is of opinion may be made from the allowances of the native officers at the different Presidencies; but if the reductions pointed at by Mr. Rickards can be effected, without injury to the public service, they ought of course to be made without any particular reference to the objects to which Mr. Rickards would propose to appropriate the saving.

113. At this Presidency your Honourable Court are apprised that the public establishments have undergone repeated revisions, and you were lately furnished with the Report of a Committee, who were appointed by us to revise the establishments, with a view to effect every practicable reduction of charge; but with respect to the allowances of the native officers employed under this Government, we are far from thinking that they are, in general, upon too high a scale, or that the expense of this part of the public establishments can with propriety be reduced. We except from this remark the tehsildarry establishments in Benares, and in the ceded and conquered provinces, in which it is expected that considerable reductions will be effected at an early period.

114. Mr. Rickards, in a Minute which your Honourable Court will find in our Proceedings of the 29 July 1808, proposes that the annual supplies required by the Government of Bombay should be obtained by bills on Bengal, rather than by raising

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loans at Bombay; and the argument on which that gentleman's proposition is founded, assumes, that a public debt having always the effect of raising prices, it must necessarily occasion inconvenience and disadvantage to every description of annuitants, as well as to the Government itself.

115. But Mr. Rickards, in this proposition, seems to have overlooked, that the alternative suggested by him might have no other effect than to transfer the inconvenience apprehended, from Bombay to Bengal; for unless there should exist at the time a fund at this Presidency quite sufficient to meet all the demands from Bombay, whether for the discharge of debt or otherwise, the drafts from that Government might have imposed upon us the necessity of raising loans under the very same circumstances which Mr. Rickards so strongly deprecates as having an injurious tendency at Bombay.

116. When that gentleman's proposition was first submitted to this Government, it did not appear to us that the whole annual supply required at Bombay could be conveniently provided for in Bengal; but as the state of our finances has since that period greatly improved, and our present resources will enable us to meet any demands which can be expected from Bombay, we have deemed it expedient to recommend to that Government to raise as large a proportion as possible of the funds required by them, by bills upon this Presidency. In recommending this arrangement, we proceeded upon the presumption that there is at present a surplus revenue in India applicable to the discharge of debt, after providing for the public disbursements at all the different Presidencies; nor did we consider it at all necessary to advert to considerations connected with the question of prices. It was simply obvious that it must be to the advantage of the Honourable Company, that any existing surplus should be drawn to that quarter where funds might be required, or where they could be best appropriated to the discharge of existing debt.

117. Mr. Rickards, we are persuaded, was actuated by the most laudable motives in bringing forward his different plans; and although speculations of the kind do not always lead to practical results, the spirit of inquiry should not be discouraged while it proposes to itself useful objects.

EXTRACT of the BENGAL PUBLIC CONSULTATIONS; dated 6th May 1808.

Government of Bombay, Political Department.
To the Right Honourable GILBERT Lord MINTO, Governor General in Council,
at Fort William.

My Lord,

1st. WE have the honour to forward the copy of a letter addressed to us by Robert Rickards, Esquire, a civil servant on this Establishment, who arrived some months ago from England, appointed by the Court of Directors to succeed to the first vacancy in Council.

2d. This address being, with its accompaniments, so fully explanatory of the very important subject of which it treats, we are persuaded that it will be rendering an acceptable service to our honourable employers, and to the public, to submit it, in the channel of its present transmission, to that superior authority which can alone, if approving of the plan it delineates, give it also due effect.

3d. We have understood that some, or all, of the agency houses, who may be esteemed as at the head of the monied interest of this Settlement, would probably be disposed to promote the object of the proposed Bank, as far as respects the limits of this Presidency.

We have, &c.

(Signed)

Bombay Castle,
the 22d October 1808.

Joⁿ Duncan,
L^t Corkran,
Thos. Lechmere.

To the Honourable JONATHAN DUNCAN, President and Governor in Council,
&c. &c. &c.

Honourable Sir,

AN humble attempt to promote the public advantage, and that more particularly of the Honourable Company's Government in India, will, I trust, be indulgently received by your Honourable Board.

Having, since my re-appointment to India, reflected much on the financial state of the Indian Governments, the amount of the public debt, the difficulties it is likely to entail, and the danger of its increase, a Plan has suggested itself of diminishing the weight of this heavy burthen; connected with other public advantages; which I venture to submit to the favourable consideration of Government, and that of the Court of Directors.

As in the vouchers A to E, I have endeavoured to explain every difficulty, and obviate every objection, it would be superfluous to add any thing on the subject here, further than to hope, that as it involves the most intricate and abstruse part of the science of Political Philosophy, my errors may be pardoned, in consideration to the motives which have actuated the attempt.

I have, &c.

(Signed) *R. Rickards.*

(True Copy)

(Signed)

F. Warden, Chief Secretary to Government.

(A.)

OUTLINES of a PLAN for paying off the INDIAN DEBT.

* This sum is stated more with a view to easy calculation, than to the actual amount of debt.

The debt is considerably more; but if the principles of this Paper are correct, they will be found equally applicable to any other amount.

1. Suppose the debt 20 million*, desired to be reduced to 6 million.

2. Constitute a General Bank, and make over to it, for the security of its issues in notes, territory or territorial revenue to the amount of one million sterling per annum, to be paid in coin: this security to be inviolable under whatever exigency, and to be proclaimed as such in the most solemn terms. Divide this Bank into three; one at each Presidency, with a proportionate share of the above-mentioned security settled on each; the notes of each to have a prescribed local currency; and the amount in circulation to be always limited by the decision of the Bank Directors, independent of Government.

3. Although the Bank be thus divisible into three, one at Calcutta, one at Madras, and one at Bombay, which is an easy after-arrangement, let it, to avoid confusion of ideas, be considered as one General Bank throughout the remainder of the plan.

4. Let the capital stock then of this General Bank be called £.12,500,000, yielding a certain annual income of one million, or 8 per cent. on this nominal capital.

5. Advertise the bank-stock for sale in the market, to be paid or subscribed for either in coin or in the Company's paper now in the hands of their creditors.

6. Bank

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(A.)

6. Bank-stock yielding a certain net 8 per cent. settled on the best of all securities, will I presume be deemed very acceptable property, and therefore readily purchased, more particularly if the business of the Bank (to be hereafter described) shall be profitable over and above the expenses of it. Of the merchant stockholders, a certain number, both European and native, are then to be elected directors of the Bank, conjointly with an officer of Government, or a member of Council,* as may be thought best, under whose united management, the business of the Bank is to be conducted.

7. But of the bank-stock above specified, *about two-thirds of the whole amount, or £.8,500,000 only*, should be sold: this will dispose of an equal amount of the present debt, supposing the whole to be subscribed for in Company's paper; if any part be paid for in cash, a corresponding proportion of the debt may be paid off: but this is not likely while there is paper in the market; so that we may here consider £.8,500,000 of the present debt to be converted into bank-stock, in the hands of individuals, the remainder, or four millions, will be Government's share, for purposes to be hereafter mentioned.

8. The Bank thus constituted to be conjoined with the Company's Treasury in the receipt and payment of sums on account of Government, to be a Bank of discounts, to grant credit on *unexceptionable security*, and at such times only as the Bank shall in their own judgment deem perfectly unobjectionable, and also to engage in the business of exchange by granting bills at a more reasonable rate than can be procured from individuals, in favour of merchants applying for the same on any part of the Company's territories; and for this purpose to have subordinate banks or offices in different parts of the country, as well to facilitate this business of exchange, as the circulation, if necessary, of the notes; there may hence be fewer demands for coin on the Bank than would be otherwise preferred, less coin exported for the payment of foreign or distant debts, particularly if the great Indian shroffs are concerned in the Bank, and therefore its necessary deposits of specie less liable to inconvenient fluctuations. This operation will be a great convenience to the mercantile body, who will be freed from the losses and inconveniences now suffered in exchange, and from the artifices of shroffs, and therefore find their pecuniary intercourse with every part of British India much facilitated.

9. With

* Were I proposing the establishment of a bank in England, I should certainly not select a member of Government for a director. In free countries of open and extensive commerce, the perfect independence of a bank is perhaps essential to its credit and the general confidence of the public; but in India, local circumstances should also be considered at each Presidency; the chief merchants, who, comparatively speaking, may be said to engross the trade, are few: and were a general Bank intrusted to their exclusive management, these few are just as liable to enter into hurtful combinations to promote their own interest, as a Government is to injure public credit by arbitrary acts to relieve occasional distresses. By the union, these parties will operate as a check on each other; and if after trial it be found desirable for Government to withdraw, the sequel of this plan provides for such a contingency as soon as the debt is paid.

Native directors seem to me of great importance to the complete success of the plan; and the co-operation of the great Indian shroffs in this establishment, would facilitate many of its operations.

Note.—It should be clearly understood beforehand, that the Bank will exercise its own discretion in the granting of credits, in view to the amount of notes in circulation at the time such credits may be applied for, and to other local circumstances.

I do not enter into a detail of the business of the Bank, because it would extend this paper to a tedious and unnecessary length. The nature of the intended business is, I presume, sufficiently manifest in the plan, and it is surely not too much to anticipate, that its profits, arising from these branches of business, may do a great deal more than defray the expenses of the institution.

The granting of bills of exchange on England, on favourable terms, might often be a local convenience to individuals in India, and also to the Bank; it may likewise be an accommodation to the captains and officers of the Indiamen. These latter often bring out specie which might thus be supplied to the Bank if required. This however is introduced as a suggestion, because the Court of Directors can alone determine how far it may be convenient to answer such drafts.

I also pass over the means of supplying the Bank with its requisite deposits of specie, because I apprehend all that may be required in this respect, may be derived without difficulty from the annual income, the revenue, the aid of merchants, proprietors of stock, and in the frequent imports of specie into India; and because the actual amount can only be ascertained by experience, though, from the nature of the Bank business, it is conceived this amount may never require to be considerable.

* This sum is stated in view to the expected extent of capability in the plan. Though a lesser amount be paid off in the manner here proposed, it will still not in the least affect the ultimate grand object (as will be seen in the sequel), which is to liquidate fourteen millions of debt in eight years at farthest, and without any other aid beyond what the Bank and revenues of India can supply.

† The drafts on the Court of Directors will probably be much more whenever the debt comes to be paid off; but this large proportion of $3\frac{1}{2}$ million is purposely stated against India, to show what the plan is capable of.

‡ Not a single note should be offered to any creditor unless he voluntarily desires to receive them; the original compact with the Company stipulates for payment in cash, &c. which is clearly specie, and the clause should be literally executed; the strict and literal preservation of public faith between a Government and its creditors, being always a matter of the highest importance.

§ An objection may possibly here occur, that the associated Directors will not consent to this issue, on the plea of its diminishing other issues in the discount of bills, by which they would benefit, but which they are thus deprived of. In reply, let it be considered, that the major part of this issue of notes to the Company's servants will be made over in the first instance to their respective agents (the principal of whom will be Bank Directors,) or, in ordinary course, find their way back in revenue payments to the Company's Treasury, where, as a certain sum of notes may be supposed to be always accumulated, such sum, together with the amount in the hands of the Directors, may be employed in re-issues to transact the private business of the Bank. These considerations may perhaps obviate the objection, and even be found to give the said directors, agents and merchants, an interest in receiving these notes, and therefore tend to promote their easy circulation.

Indeed both the coin and notes above proposed to be issued, must, in the natural course of Indian circulation, find their way, in large proportions, to the said agents and merchants, who will of course employ the notes in local currency, and in all transactions with the Bank; the whole of the coin, in other profitable pursuits: hence arises a manifest increase of mercantile capital, and in due proportion to the means and credit of each individual merchant, for all may thus partake of as much of the said notes and coin as their trade, or probable expectations of profit, will enable them to employ.

Wherefore, if these premises be correct, the Bank may, at its first opening, commence with the discharge, in notes, of demands on the treasurers at the respective Presidencies for monthly allowances and on other accounts; and as by the supposition these notes will rapidly return to the Bank or Treasury, it would seem to preclude the necessity of any extra issue of notes, or, at all events, greatly limit it; that is, the whole or nearly the whole private business of the Bank may thus, with the

9. With the aid of a Bank thus constituted, Government may venture to pay off, say £.4,000,000 of their debt,* after giving sufficient notice, as follows. The present paper contains a stipulation whereby it is to be liquidated according to number on the register, by cash, at the Presidency, or by bills on the Court of Directors: these clauses may, I conceive, be literally executed. The precise amount of the drafts on the Court of Directors, it is not material here to know; but that calculation may proceed on determinate data, we will suppose these drafts to absorb £.500,000,† and therefore $3\frac{1}{2}$ millions to be paid in India.

10. Bank-notes, if as good credit as those of the Bank of England, will readily be accepted by the Company's servants in payment of their monthly allowances, whatever they may be; by the creditors, in payment of debts‡. Let the servants therefore be paid in Bank-notes issued on the responsibility of Government, but with the consent of the associated Bank Directors, § to the amount of all in all of $3\frac{1}{2}$ millions if possible, or to any lesser amount, that the general circulation may be locally found capable of receiving, *without depreciation of the said notes*; and in lieu thereof, let Government be previously prepared with an equal amount of coin reserved from the revenues as they are regularly paid in, to be deposited in the Bank, in addition to its annual income as stated in the 2d paragraph. With this coin, when sufficient is accumulated, the creditors may now be paid (after due previous notice) according to the literal and express conditions of their original contract.

11. This issue of notes, whatever be the actual amount, may be made gradually, to avoid unnecessary alarm, and should be proportioned with judgment to what the circulation will from time to time absorb. Three millions and a half being about three or four months ordinary expenditure, may perhaps be absorbed in 6 months; but whether it be so or not, it should be the chief object of the Bank's attention, at its first institution, with which, until duly executed, the other branches of its intended business should not be allowed to interfere, or only be conducted with a proper precautionary regard to the ultimate success of this primary object. In a country yielding 14 millions annually of revenue, it surely will not be difficult to reserve the $3\frac{1}{2}$ millions above proposed, for this grand operation, or more if necessary. The

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annual imports of specie into India, present another source of eventual supply.

be issued in the first instance in payments on account of Government.

The amount capable of circulation at the respective Presidencies, will thus be speedily ascertained, and accordingly limited. The subordinate provincial Banks may then be authorized to issue notes in the same way to a specified limited amount from each; these notes will again similarly return through the medium of merchants into the said Banks, and into the Company's Treasury, in discharge of revenue; the Treasury and Bank being conjoined, both at the Presidencies and Subordinates, will mutually assist each other; and as moreover each Bank may, it is presumed, under proper authority, and in cases of necessity, either coin or destroy notes at pleasure, so, on the one hand, there need never be impediment to the private business of the Bank, while on the other, the amount of notes in circulation may always be kept within prescribed limits. (Vide paper (B.) where this operation is further explained.

co-operation of the merchants, be transacted by means of the very notes, or (which comes to the same thing) the same amount of notes that shall

12. If the credit of the Bank be well established, this proposed $3\frac{1}{2}$ millions in notes, may not be too much for the general circulation of our Indian territories, for according to the plan, this will be the only issue of notes by the Bank or its original landed security; four millions moreover of the capital stock of the Bank is the Company's own share, which, under the operation of the Plan, as shown in the annexed figured statement, will be annually increasing, perfectly free from all incumbrance or engagement, and therefore of itself more than adequate for $3\frac{1}{2}$ millions of notes intended to be circulated.*

13. Of the present Indian debt of £. 20,000,000, there will now have been converted into bank-stock £. 8,500,000; paid in cash and by bills on the Court of Directors, £. 4,000,000; and there will remain in the hands of the creditors in promissory notes or bonds, £. 7,500,000 more, which we are now to dispose of.

14. The one third share of Government in this General Bank, or 4 millions, has been reserved to operate as a Sinking Fund, to which may be added the annual million now applied to the use of the Sinking Fund, and this combined fund will buy up £. 2,500,000 stock, and nearly extinguish the $7\frac{1}{2}$ millions of outstanding promissory notes or bonds in six years, as exhibited in the annexed figured statement: in other words, it will effectually annihilate in 6 years near £. 10,000,000 of the existing debt.

15. It being desirable to keep up 6 million of debt, which precise amount is now found in the hands of the stock-holders, Government may only be considered as debtor on the £. 3,500,000 of bank-notes supposed to be in circulation; Government may also now determine to continue, or withdraw its concern in the Bank: in either case, the proceeds of the combined Sinking Fund, are sufficient to call in and extinguish, if desired, the whole of the aforesaid £. 3,500,000 of bank-notes in *two* more years as shown in the statement, or in *8 years at furthest, to liquidate fully and effectually the proposed 14 million of debt*, leaving the directors at full liberty to proceed with the Bank either on the old or any new footing deemed eligible. In short, the £. 3,500,000 of bank-notes may be considered as a loan, without interest, from the Bank to Government, which the latter are now fully prepared to pay off, or continue to employ in such way, and according to such

* It is perhaps impossible to state the precise amount of the Indian currency, or, until trial be made, how far commercial capital will admit of augmentation, or of a substitution in paper of that part which merchants must always keep by them to answer occasional demands: future circumstances must determine these points; but, independent of the probable conjectures to be derived from the amount of annual revenue which must be kept in view, as hereafter shown, there is one thing certain, that from the existing depressed state of industry in this country, it is capable, under proper stimuli, of incalculable increase, and therefore, of the employment of an indefinite amount of circulating capital, if the common incentives to industry and improvement be not palsied by the immoderate wants and impolitic exercise of arbitrary power.

But whatever may be the immediate effect of a brisker circulation on Indian industry, the Plan, it will be easily conceived, does not propose to overload the currency with useless abundance, but merely to substitute, in the first instance, notes of unquestionable credit, for coin; which latter, in as far as it may then be redundant in the country, will be exported, or employed in foreign commerce. It is at the same time meant to infer, that there is ample room for retaining, or at least for recalling this, and perhaps a greater addition to the circulating capital, through the medium of increased industry and trade, while, in the interim, the substitution of good notes for coin, to the amount of three and a half millions, is not thought to be excessive, in a country which, independent of a brisk trade at the respective Presidencies, now pays annually fourteen millions in specie to its Government; or likely to prevent those lesser annual realizations from the revenues in coin, required for the use of the Sinking Fund, as will be more fully explained hereafter.

such arrangement, as may, under existing circumstances, be decided on between the parties.

16. The advantages of this plan may therefore be said to consist, under prudent management, in the certain reduction of £.14,000,000 of the Indian debt, in a period that we may all rationally look forward to see the accomplishment of, and therefore not so liable to be counteracted by unforeseen accidents or events.

17. In eight years the annual payments on account of interest and Sinking Fund, will be reduced to £.480,000, or £.8 per cent. on the £.6,000,000 of bank-stock debt; viz.

Present interest	-	-	-	-	-	-	£. 1,600,000
Applied to the use of the Sinking Fund	-	-	-	-	-	-	1,000,000
Total of present payment per annum							2,600,000
Deduct :							
Amount of appropriation to the Sinking Fund, no longer required	-	-	-	-	-	£.	1,000,000
Interest on 14 millions of debts now extinguished at 8 per cent.	-	-	-	-	-	-	1,120,000
							2,120,000
Remains							£. 480,000

Whence there will be upwards of £.2,000,000 per annum to be ever afterwards applied to the augmentation of the Company's own *wealth* and the improvement of their India territories. The Company may then, I presume, trade without further aid from loans: their India investments ought then in fact to cost them no more than the expense of transporting to England, which should enable them to undersell every other nation, to the very great benefit of the Mother Country. The outlay of such a sum, in *the support of industry* in India, will proportionably contribute to the improvement of that country, where some such fostering aid is essentially required.

18. The commercial interests of India will be greatly benefited, trade and industry increased, and therefore it is not unreasonable to expect the cordial and zealous co-operation of the mercantile body in promoting the success of the plan.

19. It has also the advantage of requiring no additional tax: it depends for success on no probable reduction of the rate of interest; and it preserves public faith with the creditors. Those who get bank-stock for their present bonds, are likely to be greatly benefited by the exchange, and the remainder are all paid according to the very letter of the original contract; should future wars incur future debts, a recurrence to the same description of Sinking Fund as above specified, presents a certain mode of rapid liquidation.

20. Finally, it has been observed in the Plan (vide notes of 9th paragraph) that the drafts on the Court of Directors in part payment of the Indian debt, have been purposely stated low, to show, or at least to try the extent of capability in our Indian means. Now, to view the Plan in all its bearings and particularly those which may at first be apprehended to press heavily on the Honourable Court in England; let us suppose the drafts, from the favourable rate of exchange, or other circumstances, to be very considerable,—lesser difficulties may be disregarded, when the greatest are capable of easy removal;—let us give this its most formidable aspect, and calculate, for example, that, of the first £.4,000,000 to be paid off, £.2,000,000 at least will be demanded by bills on the Court of Directors, and £.1,000,000 more in each successive year, till the whole be liquidated; it then follows,

First.—That, as no attempt is made to pay off debt until the proposed amount be reserved from the revenues, and in the hands of the Sinking Fund, £.2,000,000 of this sum, or any other portion, may be remitted to England through the medium of investment, or otherwise, to answer the bills so demanded on the Court of Directors.

Secondly.—A cursory view of the figured statement will show, that another annual million, or any other required amount, may be similarly remitted, to answer drafts in each succeeding year; and that the Sinking Fund is still capable of completing its object of final liquidation precisely at the same period: And,

Thirdly.—

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Thirdly,—There will always be abundant time to provide for the discharge of these drafts, because they are only payable 15 months after date, or 12 months after sight; or,

Fourthly.—Should the Court of Directors prefer paying these drafts with funds raised in England, and allow the Sinking Fund to accumulate at the same time, by still appropriating to its use the interest of each portion of debt so remitted, the process of final liquidation in India will be most rapidly accelerated, as a short calculation will easily evince.

Lastly.—In proportion to these remittances, there will be so much less coin required to pay off debt in India, and therefore greater latitude for the circulation of bank-notes.

21. Hence it may be confidently added, that in *whatever proportions* the debt be ultimately paid in India, or in England, the resources of our Indian possessions are alone equal to the accomplishment of the object; and all the advantages of the plan are, in these respects, at least equally realizable.

(Signed) R. RICKARDS.

(Accompaniment to Letter A.)

STATEMENT, to show how the combined Sinking Fund proposed in the Plan, will extinguish, in 8 years, 14 millions of Debt; consisting, viz.

Of Bank-stock to be bought up by the gradual accumulation of the Sinking Fund - - - - -	£. 2,500,000
Of Promissory Notes, D ^o - D ^o - - - - -	7,500,000
And D ^o - to be paid off in the first instance in coin reserved from the revenues, for which Bank-notes are to be substituted, and by Bills on Court of Directors - - - - -	4,000,000
Total - - - - -	14,000,000

1st Year:

Proceeds of £. 4,000,000 of Bank-stock, at 8 per cent. per annum, is - - - - -	£. 320,000
Add 1 million - - - - -	1,000,000
- - - - - to be deducted - - - - -	1,320,000
	£. 12,680,000

2d Year:

Proceeds of £. 5,320,000 Stock, as above; viz.	
Interest thereon - - - - -	£. 425,600
Add 1 million - - - - -	1,000,000
- - - - - to be deducted - - - - -	1,425,000
	£. 11,254,400*

3d Year:

Proceeds of £. 6,745,600 Stock and Notes; viz.	
Interest thereon - - - - -	£. 539,648
Add 1 million - - - - -	1,000,000
- - - - - to be deducted - - - - -	1,539,648
	£. 9,714,752

4th Year:

Proceeds of £. 8,285,248 Stock and Notes; viz.	
Interest thereon - - - - -	£. 662,819
Add 1 million - - - - -	1,000,000
- - - - - to be deducted - - - - -	1,662,819
	£. 8,051,933

5th Year:

Proceeds of £. 9,948,067 Stock and Notes; viz.	
Interest thereon - - - - -	£. 795,845
Add 1 million - - - - -	1,000,000
- - - - - to be deducted - - - - -	1,795,845
Carried forward - - - - -	£. 6,256,088

* It will be observed that the fund, in this year, will have done more than purchase the £. 2,500,000 stock proposed, whence the remainder of the calculation has reference to the promissory notes and bank-notes intended to be extinguished.

Brought forward - - £. 6,256,088

No. 5.

6th Year:

Proceeds of £. 11,743,912 Stock and Notes; viz.

Interest thereon - - - - £. 939,513

Add 1 million - - - - 1,000,000

- - to be deducted - - 1,939,513

£. 4,316,575*

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7th Year:

Proceeds of £. 13,683,425 Stock and Notes; viz.

Interest thereon - - - - £. 1,094,674

Add 1 million - - - - 1,000,000

- - to be deducted - - 2,094,674

£. 2,221,901

8th Year:

Proceeds of £. 14,000,000 Stock and Notes; viz.

Interest thereon - - - - £. 1,120,000

The full annual million being no longer

required, add only - - - - 601,901

- - to be deducted - - 1,721,901

And there remains - - - - £. 500,000

Which the Plan supposes to have been liquidated by bills on the Court of Directors, or, if no such bills are granted (which however is highly improbable) a very small addition to the Sinking Fund would still liquidate the whole in India in the course of this 8th year.

On this Statement it is further to be remarked, that until the sum of £. 4,000,000 be discharged (which the Plan supposes may be in six months after the establishment of the Bank) the whole debt will be running on at interest, as at present: whence it follows, that all that is contributed in this intervening period, on account of the Company's share of bank-stock, will be an extra charge on the revenues in the first year: this share being 4 million, and the interest thereon £. 320,000 per annum, the said extra charge on the revenues for six months, will bear a due proportion thereto.

Against the additional expense, may be stated the sum minus the annual million in the last or 8th year of the above Statement, or £. 398,099, and indeed all its other advantages, which, for so small an extra sum in the first year, may be said to be cheaply purchased.

(Signed) R. Rickards.

(B.)

STATEMENT, to show how 14 million will be liquidated, on the supposition of four million being paid off in the first instance, in the manner proposed in the 9th, &c. paragraphs, Paper A; but in the proportion of two million in coin, and two million by bills on Court of Directors.

THIS supposes an issue of two million of notes, in lieu of the coin required from the revenues to make the preceding payment, and in this case the annihilation of four millions debt will exactly counterbalance the extra charge of £. 320,000 per annum on the revenues, occasioned by the appropriation of four millions to constitute a Sinking Fund.

That part of the debt which is intended to be reduced, will then consist, as follows,

Of Bank-stock intended to be bought up by the Fund	-	£. 2,500,000
Of Promissory Notes outstanding - D° - D°	-	7,500,000
And - D° - to be paid off in the first instance, as above specified	-	4,000,000
Total	-	14,000,000

1st Year:

Proceeds of £. 4,000,000 of Bank-stock at 8 per cent. is - - - - £. 320,000

Add 1 million - - - - 1,000,000

- - to be deducted - - 1,320,000

Carried forward - - £. 12,680,000

* The seven and a half million of promissory notes being nearly bought up by the Fund in this sixth year, the remaining two years are chiefly employed in calling in the bank-notes in circulation: but as these bear no interest, the accumulation in the last of these two years, is calculated only on the stock and promissory notes which do bear interest, and will at this juncture be found in the hands

of the Commissioners of the Sinking Fund, as follows;

Original four millions of bank-stock	-	4,000,000
Bank-stock bought up by the Sinking Fund	-	2,500,000
Promissory Notes - D° - D°	-	7,500,000
Total	-	£. 14,000,000

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	Proceeds of £. 5,320,000	Stock, as above; viz.	
	Interest thereon - - - -	£. 425,600	
	Add 1 million - - - -	1,000,000	
		- - to be deducted - -	1,425,600
3d Year:			
	Proceeds £. 6,745,600	Stock and Notes; viz.	
	Interest thereon - - - -	£. 539,648	
	Add 1 million - - - -	1,000,000	
		- - to be deducted - -	1,539,648
			£. 9,714,752
4th Year:			
	Proceeds of £. 8,285,248	Stock and Notes; viz.	
	Interest thereon - - - -	£. 662,819	
	Add 1 million - - - -	1,000,000	
		- - to be deducted - -	1,662,819
			£. 8,051,933
5th Year:			
	Proceeds of £. 9,948,067	Stock and Notes; viz.	
	Interest thereon - - - -	£. 795,845	
	Add 1 million - - - -	1,000,000	
		- - to be deducted - -	1,795,845
			£. 6,256,088
6th Year:			
	Proceeds of £. 11,743,912	Stock and Notes; viz.	
	Interest thereon - - - -	£. 939,513	
	Add 1 million - - - -	1,000,000	
		- - to be deducted - -	1,939,513
7th Year:			
	Proceeds of £. 13,683,425	Stock and Notes; viz.	
	Interest thereon - - - -	£. 1,094,674	
	Add 1 million - - - -	1,000,000	
		- - to be deducted - -	2,094,674
And there remains - - -			£. 2,221,901

Of which sum, it will be remembered two millions are proposed, in the preamble to this Statement, to be paid by bills on the Court of Directors; and if the Court are pleased to raise this sum in England, it will only leave, at the end of the 7th year, the mere trifle of £. 221,901 to be finally liquidated.

On this plan, therefore, the whole fourteen million may be positively liquidated in seven years, without any other difficulty than that of the Court of Directors borrowing two million in England, and without subjecting the revenues in this country to extra charge on account of the Sinking Fund.

But in considering the two proposals, which suggest, the one, an issue of $3\frac{1}{2}$ million of notes, and the other, of two million, it is not to be supposed that either proposal infers an absolute necessity for such issue; for an attentive consideration of the Plan, will show that no such necessity exists. The Sinking Fund will notwithstanding perform all its functions with equal efficacy and regularity: but a Sinking Fund, it may be objected, would liquidate the debt of itself, without other aid; then where the use of the Bank? It is true a Sinking Fund would do so, but how establish this Sinking Fund without being an extra charge on the revenues, which the said revenues can ill bear; or without additional taxes, which would most assuredly be oppressive? The union of the Bank and Sinking Fund, obviates this serious and important difficulty.

1st. By the issue of $3\frac{1}{2}$ million of notes, as a substitute for so much specie, intended, with another half million, by draft on the Court of Directors, to pay off four million of debt, a sum of annual interest (£. 320,000) is extinguished, exactly equal to the annual extra sum, or £. 320,000, required to support the Sinking Fund.

2d. By the issue of two million of notes, and the payment of two million more by the Court of Directors, the same effect is produced, and in both cases there is no extra charge on the revenue.

3d. Should the issues of the Bank, in either of these two cases, not reach the precise limit above defined, still every approach to it will be a proportionate diminution of the extra charge on the revenues. The probability indeed is, that it will be no extra charge at all, and therefore certainly require no additional tax; and if this object is capable of accomplishment, as anticipated in the Plan, it affords ample proof of the utility of the proposed co-operative union of the Sinking Fund and the Bank.

4th. Admitting the worst that can occur, viz. that a part of the support of the Sinking Fund do prove a charge on the revenues, still it need only be temporary, for the preceding

Statement shows the Fund to be annually increasing. In the 4th year, for example, it will be upwards of eight millions: at which period even the whole of the original £. 320,000 required for its support, might be surrendered; and it would still proceed in the rapid liquidation of the debt, though not quite so rapid as before.

But all this relates to the advantage derivable by Government, in the establishment of a Sinking Fund free of charge. To estimate the advantages, of which the Plan is supposed capable, to the merchants (independent of those acknowledged general advantages derivable from the institution of an extensive bank) let us, for example,

Suppose 24 lacs issued at Bombay and its subordinates, or any other sum determined on by the Bank Directors, and that a considerable portion passes into the hands of the merchants, and remains floating in circulation, that is employed in payments between individuals, or in circulating commodities locally; and let us suppose, for the sake of the explanation, that ten lacs be employed in revenue payments to Government, *i. e.* to be constantly returning on the Company's treasury.

The first portion is a clear addition to the mercantile capital, as exhibited in note to para. 10. Plan A. to be employed as the said merchants think proper. Even this portion of the issue might be employed in the banking business without loss, probably with some degree of gain.

But of the other portion, which is supposed to be circulating through the different treasuries, does not the union of the Bank and Treasury afford means to the former of employing this amount to their own exclusive advantage? The treasury, for example, lending it, as it were, to the Bank, free of interest. In other words, if notes can be coined and destroyed at pleasure, so as to keep a certain limited amount always floating, may not the Bank employ in its private business, and to its own exclusive advantage, a sum of notes equal to what experience shall ascertain to be the amount always returning on the Company's treasury in revenue payments, where each payment so received, will, for a certain period, lie dead? Would not this be in fact the same thing as allowing the Bank a portion at the first issue on their own account? And would not the numerous points at which notes would be always readily received at par, *viz.* the treasuries, the different agents and merchants, and the Bank itself, tend greatly to facilitate the circulation of that quantity determined to be issued, and lessen, if not obviate, the danger of an inconvenient run on the Bank for specie?

Another View of the same case:

Suppose the circulation to absorb 24 lacs, of which 14 go to the merchants, and 10 return on the Company's treasury. The first 14 is an addition to the merchants capital, to be employed as they think proper.

Suppose the revenue 60 lacs per annum, paid in three instalments of 20 lacs each, *i. e.* once in four months, of which, ten lac in bank-notes; then as ten lac may be supposed withdrawn from the commercial circulation, and to return on the Company's treasuries every four months, could not the Bank employ this 10 lac, or which is the same thing, an equal amount, in the conduct of its private business? In other words, might it not issue *ten additional lacs* into the commercial circulation, destroying a corresponding amount from the payments made daily or regularly into the Bank; still limiting, by such destruction, the amount in circulation to the 24 lacs above specified; and at the same time gain all the advantage of employing the ten lac which it was thus able to send abroad.

By this supposition, the Bank would go on issuing, we'll say, ten lac of notes at its discretion, and according to its own judgment of the probability of their remaining out. The notes cost the Bank nothing, and bear no interest; if therefore we suppose their daily receipts and issues to balance each other, they may surely destroy ten lacs of their receipts, while they have all the advantage of the ten lac at issues, since the notes are of no value, either way, to them, but from the interest they produce.

Let us next suppose this operation to occupy the four months above adverted to, or perhaps six or eight months. By this time, the payers of revenue, who have another instalment to make good, will probably have withdrawn ten lacs more from the commercial circulation. But there is also 10 lacs in the treasury: it is issued to Company's servants, who disburse part, and pay the rest to their agents; and it thus goes to fill up the void in the commercial circulation.

There is now again exactly 24 lac in currency, of which 10 being thus capable of continued employment in the private transactions of the Bank, they of course derive the advantage thereof, and the prescribed 24 lacs is not exceeded.

It would be impossible, on this plan, to define the *precise* amount of notes which the Bank would be enabled to employ; but it is very *certain* that the amount would be *considerable*, as a *large proportion of the notes issued would most unquestionably form a part of all future revenue payments*, and these notes would for a certain time be always lying dead, either in the treasury, or in the hands of the payers of revenue, expecting the day of instalment.

If therefore the advantage here supposed be realizable, it should, including every other profit realizable from the private business of the Bank, be shared by the said Bank, free of all participation on the part of Government; for Government, it must be remembered, have their advantage in the first instance, arising out of the first issue of notes: with this they ought

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ought in justice to be content, and therefore to cede all other profits to the directors and proprietors.

This is supposing always a first issue on account of Government: but as this operation may appear too complicated; and as these two first proposals are intended more as explanatory suggestions than as plans for actual adoption; let us proceed to a third, leaving to future determination, whether either of the submitted Plans, or modifications thereof (of which indeed the principle will be found abundantly capable,) be, or be not ultimately feasible, with the advantages anticipated in favour of Government and the Public.

(Signed) R. Rickards.

PROPOSAL (C.)

In a Letter from the
Government of
Bombay, of 22 Oct.

1. BUT in the preceding Proposals A and B, it may still be objected, that difficulties will occur in keeping a large amount of notes in circulation, or in accumulating sufficient specie in such case, from the revenues, to furnish the Bank and Sinking Fund with, for buying up the outstanding bonds or promissory notes: all of which contain a stipulation to be paid in cash, or by the bills on the Court of Directors; or, finally, that they do not afford a certainty of sufficient profit to the directors and proprietors of stock: To which I answer,

2. That if these difficulties be deemed insurmountable, the Plan may be executed in another mode; viz.

3. Let the Bank, after establishment in the way proposed in the Plan A, proceed with its business of credits, discount, and exchange, issuing notes on these accounts only, proportioned to its actual deposits of cash; and let the Sinking Fund then operate on the whole of the bonds or promissory notes outstanding, which in this case will be equivalent to £.11,500,000 and the bank-stock intended to be bought up to reduce the debt to 6 millions, - 2,500,000

Total - - £.14,000,000

The preceding figured Statements show, that the proposed Sinking Fund is still more than equal to the liquidation of this amount in eight years; and this latter mode, if preferred, may therefore be followed.

4. But in this case, it must be remembered that the annual payments out of the revenues, on account of the Bank, will be - - - - - £.1,000,000
And interest on the above £.11,500,000 of outstanding bonds at £.8 per cent - 920,000

Total per annum - - £.1,920,000

or, £.320,000 more than is now paid for interest on the debt, or in other words, an annual extra charge equal to the income derived by the Company from their original share of bank stock, to be appropriated, as above shown, to the use of the Sinking Fund.

5. And it must be further remembered, that in this case the notes in circulation may not differ much, in their aggregate amount, from that of the first or second Plan; for though $3\frac{1}{2}$ million, or otherwise 2 million, is proposed to be issued altogether, yet the Plan expressly limits the amount to what may be always circulated at par, whilst from the immediate return of these notes to the Bank, in the ordinary course of Indian circulation, it merely anticipates the advantage of combining this important aid to Government, with the benefit which its other branches of business are capable of yielding to the directors and proprietors of stock.

6. If, however, this last mode be found to obviate real difficulties in the way of the other, and therefore preferred, there will only remain to provide, from the surplus revenues in India, for this extra charge of £.320,000 per annum, which, compared to the annual revenue of the country, is but a trifle.

7. In opposition to this extra charge, may be stated the probable gains of the Bank over and above its certain £.8 per cent. income. They may possibly reimburse the Company in the full amount of the above-mentioned extra charge, or even more, and in this case counterbalance the required extra supply from the surplus revenue, or otherwise, being added to the sinking fund, annually tend to liquidate the whole debt in a proportionately shorter period. At all events, I should anxiously hope that whatever portion of this extra charge may not be counterbalanced by the profits of the Bank, would be met by some practicable reform of present expenditure, rather than by the imposition of an additional tax; which, in the present distressed state of industry in India, particularly agricultural, I should earnestly deprecate.

8. Whichever therefore of the three preceding plans, if indeed either be thought worthy of attention, every objection arising out of deficiency of specie, merits deliberate consideration, for the payment of the bonds or promissory notes in specie, as far as the discharge be required in India, I take to be indispensable to the maintenance of public faith. On the aggregate

gate amount of the coin now circulating in India, we can at best only speculate, or even as to the amount of notes that may be circulated without depreciation, having provided an adequate check against improvident issues, local experience and practical observation must necessarily determine the rest; yet to afford more distinct ideas on this part of the subject, it may be useful to repeat, and even keep constantly in view, that the $3\frac{1}{2}$ million or the two million proposed to be issued in notes, will clearly be an addition to the present circulation, whatever it is; admitting therefore that the circulation may absorb this amount always at par, and that in the manner proposed in the Plan (vide note, para. 10. Plan A. and Plan B.) the other business of the *Bank* may be conducted by means of this issue alone; it still follows that it can only be a substitution in lieu of so much coin, which coin, in as far as it cannot then be employed at home, will necessarily be exported. Let us suppose it all exported; then, deducting the sum which merchants must keep always in hand to answer occasional demands, we may expect the major part of the remainder will be continually returning into the Company's Treasury and the Bank. In proportion therefore to the amount of this first issue of notes, whatsoever it may be, and which ever plan be adopted, we may be assured that *all future revenue payments will be made in paper*; and this is a very material consideration in view to the ultimate success of the plan.

9. It is moreover probable the Bank will soon practically know what portion of the above sum is likely to be absorbed by mercantile capital, and the circulation of the respective Presidencies: there are further considerations required to be duly weighed in the first or gradual issue of notes, for on this must depend the amount to which each provincial bank should then be positively and specifically limited. I have stated this issue altogether at $3\frac{1}{2}$ million, or at two million, in the avowed hopes of the Plan being capable, under prudent management, of circulating notes to this extent; but it remains now to be added, that the issue must be limited to this amount, or to some other prescribed by local experience, until the debt is liquidated, *in view to the annual realization of coin from the revenues required for paying of the creditors, and other indispensable purposes.*

10. The present bonds, or promissory notes, stipulate that the interest, as well as principal, is to be paid in cash, &c. alias specie. It hence follows that Government must continue to pay every particle of interest on their debt in specie; so that the whole annual payments indispensable to be made in specie, after the 4,000,000*l.* shall have been paid off, will stand as follows: The total amount of debt will then be 16,000,000*l.*

The interest of which, at 8 per cent. $\pounds$. 1,280,000	These two sums of course include the income settled on the Bank, as per 2d paragraph, Plan (A.)
Government's share of bank-stock interest, or 8 <i>l.</i> per cent. on four millions - - - - - 320,000	
	1,600,000
The annual million for the use of the Sinking Fund - - - - -	1,000,000
Total per annum - - -	<u><u>$\pounds$. 2,600,000</u></u>

11. From this view of the subject, the local authorities may judge of the probability of these sums being realized in specie, in each succeeding year, from the revenues to be paid into the Bank and Sinking Fund; and must necessarily portion the issue of notes accordingly. But *this coin*, it must be remembered, will again return into the currency, and remain there; it cannot quit the country, as the first $3\frac{1}{2}$ million or two million did, because it is not over and above what was in currency before, and therefore not over and above what the circulation of the country requires. There will be here no substitution of notes, as in the other case; for by the supposition almost all the notes in circulation will be continually returning upon the Bank, either in the course of its own business, or on account of payments to Government, and these again will be continually re-issued in the same way; so that after ascertaining what may be absorbed by mercantile capital, and the circulation of the Presidencies respectively, the above annual sum of 2,600,000*l.* as being required in actual coin, will afford a very tolerable criterion by which to regulate the total issue of notes, should the first or second plan be adopted; or should the third mode be preferred, the annual sum in coin of 2,920,000*l.** will be requisite, and therefore form the criterion; for if due provision be made for securing either of these sums annually in coin, according as either plan may be adopted, it seems to me unobjectionable to supply any portion of the remaining currency in paper, as long as that paper is of sufficient credit, and conducted with sufficient prudence to circulate invariably and certainly at par.

* It will not, I trust, be conceived here that either this sum or the preceding one of $\pounds$. 2,600,000, infer an additional burthen or charge on the revenues to this amount, over and above present expenses. An attentive perusal of these sheets will show that they both

include the interest on the present debt and the annual million to the Sinking Fund, which, from the papers laid before Parliament, I suppose to be easily contributable in time of peace.

The latter sum implies, it is true, an extra charge of $\pounds$. 320,000, as specified in the 4th paragraph of this Statement, but this (vide 7th paragraph) is again expected to be fully counterbalanced by the gains arising in this case out of the private business of the Bank.

12. In this consideration of the aggregate amount of Indian revenue, it will now be seen that no conclusions are thence intended to be drawn as to the actual amount of current coin; it does not indeed afford grounds for any such calculations; but perhaps it is not unreasonable to suppose, that in a country of depressed industry and languid circulation, a

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greater proportion of the actual currency must be employed in the annual payments to Government than in those industrious states where a small actual sum, by rapid change of hands, may serve to discharge a large annual amount. This supposition has, I confess, influenced some of the preceding suggestions; but the whole are, with deference, submitted to better judgments.

(Signed) R. Rickards.

(D.)

ALL the preceding Proposals are founded on the supposition of being able to establish a Sinking Fund equal to four million, in the first instance, free of all, or at most but little extra charge on the revenues. But the plan, on the principle proposed, is evidently capable of modification, so as that the amount of the Sinking Fund, in the first instance, be exactly regulated by the advantage or profits which Government may be enabled to realize from the institution of the Bank.

First. Suppose, then, according to Plan (A.) and (B.), that only one million of notes be issued, in the first instance, on account of Government, and one million paid by draft on the Court of Directors, so as to admit of the establishment of a Sinking Fund, free of extra charge on the revenues, to the amount of two million at the first outset: or,

Second, Suppose, according to Proposal C. that in order to establish the said fund, free of charge as above mentioned, the Government in India be allowed to draw on the Court of Directors for two million, with which to purchase bank-stock in India: or, which comes to the same thing, to purchase some promissory notes to be converted into bank-stock; a sinking fund is then established free of all charge on the Indian revenues. The two million will cost the Court of Directors in England 5 per cent. diminished, however, if not wholly counterbalanced, or perhaps more than counterbalanced, by the profits arising in this country from the Government share in the Bank, and which may therefore be annually remitted to meet the said charge in England.

In either of these cases, a Sinking Fund of two million is established, which will have to operate on the following portions of debt; viz.

Bank-stock to be bought by the fund, so as to reduce the said

Stock to six million	- - - - -	£.4,500,000
And Promissory Notes outstanding	- - - - -	9,500,000
		<u>14,000,000</u>

1st Year:

Proceeds of two million of Stock, at 8 per cent. per annum	- - - - -	£.160,000
Add 1 million	- - - - -	1,000,000
		<u>1,160,000</u>
	- - to be deducted - -	1,160,000
		<u>£.12,840,000</u>

2d Year:

Proceeds of £.3,160,000 Stock, D ^o - D ^o	£. 252,800
Add 1 million	- - - - - 1,000,000
	<u>1,252,800</u>
	- - to be deducted - - 1,252,800
	<u>£.11,587,200</u>

3d Year:

Proceeds of £.4,412,800 Stock, as above,	£. 353,024
Add 1 million	- - - - - 1,000,000
	<u>1,353,024</u>
	- - to be deducted - - 1,353,024
	<u>£.10,234,176</u>

4th Year:

Proceeds of £.5,765,824 Stock, as above,	£. 461,266
Add 1 million	- - - - - 1,000,000
	<u>1,461,266</u>
	- - to be deducted - - 1,461,266
	<u>£.8,772,910</u>

5th Year:

Proceeds of £.7,227,090 Stock and Notes, as above	- - - - - £. 578,167
Add 1 million	- - - - - 1,000,000
	<u>1,578,167</u>
	- - to be deducted - - 1,578,167

Carried forward - - £.7,194,743

6th Year:		Brought forward - -	£. 7,194,743
Proceeds of £. 8,805,257	Stock and Notes, as		
above - - - - -	£. 704,420		
Add 1 million - - - - -	1,000,000		
		- - to be deducted - -	1,704,420
			£. 5,490,323

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7th Year:			
Proceeds of £. 10,509,677	Stock and Notes, as		
above - - - - -	£. 840,774		
Add 1 million - - - - -	1,000,000		
		- - to be deducted - -	1,840,774
			£. 3,649,549

8th Year:			
Proceeds of £. 12,350,451	Stock and Notes, as		
above - - - - -	£. 988,036		
Add 1 million - - - - -	1,000,000		
		- - to be deducted - -	1,988,036
			1,661,513

9th Year:			
Proceeds of £. 14,338,487	Stock and Notes, as above	- - - - -	1,147,079
	And there remains	- - - - -	£. 414,434

which is all that will be required of the annual million in this year, to effect a complete liquidation of the *proposed fourteen million of debt*.

This Statement, it will be observed, is calculated on the supposition that the principle of the last Plan C. be adopted, viz. to issue *no* notes in the first instance on account of Government; but if that of either of the other proposals, which infer a first issue on account of Government, be preferred, the process of final liquidation will be exactly the same; for in this case the Sinking Fund in the last year will have to operate on bank-notes, instead of promissory notes, which will cause no difference as to final results.

(Signed) R. Rickards.

(E.)

EXPLANATORY REMARKS on the preceding Plan.

1. SOME material parts of the Plan contained in the preceding sheets, seeming still to require elucidation, a few additional Remarks may be useful.

2. It is already, I apprehend, sufficiently shown how the Bank, in all its operations and decisions, will be independent of Government, whilst still deriving every proper aid from an union with the public treasuries, both at the presidencies and subordinates. The Bank Directors are all independent men, with the exception of *one Government Director*, the others may be at each presidency a member from each commercial house, with a certain number of natives; and as all measures are to pass by majority of votes, it precludes the possibility of undue influence on the part of Government, without an arbitrary and violent breach of the original compact. The advantage and utility of this independence are adverted to in the Plan itself, and are too obvious and well known to require further explanation. The advantage and utility of a certain degree of check on the other Bank Directors, is also adverted to, and will be further manifest in these remarks.

3. Both these are points of importance to require serious and very particular attention in the final arrangement of the Bank, should the Plan be ever carried into effect.

4. The operation of the subordinate banks proposed in the Plan, may be compared in some respects to that of the country banks in England, relatively to that great centre of circulation, the Bank of England.

5. Under the controul of the Bank of England, the country banks are of the greatest use to country traders, who now transact their business with the metropolis through the banker in their own neighbourhood, with greater facility and expedition, at less risk, and a lower rate of commission than when the said traders were obliged to employ their separate correspondents.

6. The advantages thus experienced in the commercial and pecuniary intercourse between town and country, have been compared to those of the economized abridgment of labour which generally mark the growing prosperity of mechanical employments in a flourishing

In a Letter from
the Government of
Bombay.
of 22 Oct. 1807.

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flourishing country. The labour of keeping accounts, writing letters, receiving and paying bills, is transferred to one house, which had before been divided among many; and a "new" security afforded to the transactions between the metropolis and the country, by the "interposed credit of wealthy and respectable country banks."

7. By the simplification, in short, of pecuniary transactions, they are conducted at less risk, as well as at less expense to individuals.

8. The subordinate banks proposed in the Plan, are evidently capable of all the advantages enumerated or adverted to in the preceding paragraphs; the facility and security which they will afford to all commercial and pecuniary intercourse between the respective presidencies and the subordinates, and between one part of the Company's territories and another, cannot fail to be beneficially felt in the internal trade of the country, and to smooth many difficulties and obviate many hazards now unavoidably experienced.

9. But the subordinate banks will do more. By union and connection with the public treasuries in each district, they are capable of still greater benefit to the commercial community, by simplifying and regulating the business of exchange. At present the exchange all over India is liable to sudden and violent fluctuations, which are inexplicable on any other grounds than the manœuvres and secret dealings of shroffs: these fluctuations are often not to be accounted for by the actual state of the currency, or existing balances of trade; indeed their suddenness, violence and variableness, preclude their being attributed to causes which would naturally produce steadier effects; and no man, I believe, entertains a doubt of the secret mal-practices and artifices of shroffs being the actual cause. The admitted fact is therefore a proof of the undue and pernicious influence of these shroffs over the course of trade, from which the fair and honourable dealer has long sighed to be effectually liberated.

10. It is therefore a principal object of the Plan to effect this liberation, and to free entirely the trade of the Company's territories from this source of difficulty and impediment. The subordinate banks, from their union with the public treasuries, and dependence on the great presidency banks, are the means of accomplishing it. Bills of exchange may be freely given on any part of the Company's territories at a reasonable rate of exchange, at even a lower rate than it is possible for private money-dealers to grant the same accommodation, and without the possibility, as far as I can see, of obstruction from the shroffs within the limits of the Company's territories. That this accommodation may be more cheaply granted by the banks than by individuals, is evident, because the banks having no occasion to transport bullion or specie, or to use the bullion or specie of a correspondent,

N. B.—It may be one of the articles of agreement between Government and the Bank, that in the few cases where specie or bullion requires to be transported, it shall be done free of expense to the Bank. This alone will give the Bank a decided advantage over the shroffs, who never can transport specie without considerable risk and expense.

For this and any other aid it may be in the power of Government to grant, they may consider themselves amply recompensed in the speedy reduction of their debt and the general advancement of commerce. Both parties have a reciprocal interest in the success of the entire plan.

11. In short, the diminished labour and risk, and consequently the diminished charges with which these banks are capable of carrying on this business of exchange and remittance, must necessarily exclude all competition on the part of the shroff, or individual money dealers.

12. When the shroffs are thus driven out of this part at least of the money market, they may not improbably seek, in the gradual course of time, a connection with the banks; it will be their interest to do so; it is the only apparent method by which this connexion can be brought about, and it is highly desirable, from the means which these shroffs, through their money connexions, possess of facilitating and extending the operations of the said banks. In the outset of this institution, actuated by self-interest also, their first attempts will be to obstruct the banks; but these, I apprehend, must be vain, and wholly ineffectual: foiled in these attempts, the next incitement of self-interest may be to co-operate; and if the great Indian shroffs are thus in time either impelled or persuaded to connect themselves with the institution, the same benefits as above described, will be no longer confined to our own territories, but follow the commerce of our merchants over the whole extent of India.

13. Whether this object be accomplished in the whole, or in part, the business of exchange and remittance may at all events, to the extent of its accomplishment, be reduced to clear and definite rules; the rates of exchange may be always fixed and known, and the expense of distant speculations calculated without a possible risk, from this source of disappointment.

14. The first rule to be considered is, the state of the currency in different districts:—A given weight of fine bullion, in the respective coins of any two districts, constitutes the real par of exchange; and this given weight, not the nominal value of current coins in the respective districts, affords the only equitable grounds of fixing the rate of exchange, as far as it is likely to be effected by this cause; even the shroffs themselves must, I apprehend, be guided by the same principle. For let us suppose, merely for the sake of the argument

argument, that a Bombay rupee and a Surat rupee were both ordered to pass at the same nominal value, the Bombay having 15, and the Surat 10 grains of more silver; the Surat rupee is at this rate a depreciated currency, and every species of depreciated currency has the certain effect of raising the prices of commodities. It is evident that a bag of rice would be worth more Surat rupees than Bombay rupees, and no Surat shroff would give a bill at par on Bombay, knowing he received for his bill a coin worth less, by upwards of 30 per cent. than the coin in which it was to be discharged. He would lose all this difference in real value by the transaction.

15. There appears to me therefore no fear of counteraction from the shroffs, in the adoption of this equitable rule, because they could not counteract it without loss to themselves; and a trade that is carried on at a loss cannot be long supportable.

16. The next rule to be considered is, the balance of trade between different countries, or, in other words, the difference between their respective exports and imports. Where the exports and imports are equal, there will be a reciprocal equality of debts and credits; but where the imports exceed the exports of a country, there is a balance against that country; and the excess of imports *must* be paid for in bullion or specie: goods cannot be sent to pay it, because no more are required. The immediate purchasers of the excess of imports may pay their debt by a bill of exchange, but then they must advance to the shroff who grants it, all the expense, added to his own profit of sending bullion to the spot, to answer the draft in question.

17. It is therefore clear, that, all other things being equal, bills of exchange required to discharge an unfavourable balance, ought never to cost more than the expense of transporting bullion to the spot where the debt requires to be discharged, for if they did, bullion would of course be remitted in their stead.

18. But according to the Plan, the subordinate banks, from their connection with the public treasuries, will in most cases relieve the Presidency Banks, and also each other, from the necessity of remittances on this account; and as the cases must be few in which such remittances will be necessary, it follows, in further proof of a preceding assertion, that this branch of business may be conducted at a much cheaper rate by the banks, than is possible for individuals.

19. Indeed, with due attention to these two rules, I do not see why bills of exchange may not pass between all the banks at a very near approximation of the real par of exchange. The difference can only be what is necessary to reimburse expenses, with a moderate profit to the Bank, and possibly this may in no case exceed one or two per cent.

20. Surely then it is not too much to say, a grand and decided permanent advantage is here established in favour of our own commerce, facilitating its operations, and tending to the stability of its profits, without the possibility of successful opposition from the shroffs, at least as far as regards the immediate pecuniary intercourse of our own districts.

21. The generality of the system will prevent any hurtful effect on the aggregate amount of local currencies, as few or no remittances will be required to be made from one part to another to answer drafts; there will be no violent interference in the natural course of the money circulation, though a treasury may be occasionally exhausted by the discharge of drafts; the money remaining in the same district, will again return to it in revenue payments; due credit will of course be given for all advances on account of the Bank, and in the event of local distress any where, a neighbouring district, or the Presidency, will always be at hand to relieve it.

22. Another object in the contemplation of the Plan, is to furnish as many checks as possible against an excessive issue of paper, as prejudicial always in its effects to the public as to the Bank itself. To prevent over-traders (of whom many are found among the secondary class of merchants in all countries) from taking improper advantage of the Bank, it is authorized and even particularly required to use its own discretion and judgment in granting credits or cash accounts; for men of the description above mentioned, on producing undeniable security, might raise funds with a Bank to promote imprudent speculations, and thereby throw an excess of paper into currency; for the inconveniences of which to the public, even the ruin of the speculator, would be no recompense, and the security of the Bank no remedy. This means of excessive issue may therefore, it is hoped, be effectually checked in India, from the accurate knowledge in so limited a community, which Bank Directors may attain of the nature of their neighbours mercantile speculations; whilst it appears advisable to extend this power to the Bank, lest it might otherwise be exercised by the shroffs to the prejudice of this institution.

23. In the business of discount, it is true, a bank is liable to be imposed on by speculators through the medium of bills of accommodation; fictitious drafts may be presented for discount, and a capital or sum of money may thus be obtained from a bank under fraudulent pretences; but in this country, again, as above intimated, where the commercial community is so limited, and its members, generally speaking, so well known, frauds of this description can hardly be practised to any great extent. It would seem to be within the power of vigilance on the part of the Bank, to restrain the evil so as never to produce permanent mischief; for the Bank may narrow its discounts, or in this country raise its rate of interest at pleasure; and it is not a casual and temporary excess of paper that is so injurious to the

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Public, as that permanence of superabundant currency, which necessarily affects the nominal prices of all commodities.

24. Yet notwithstanding these checks on the speculations of others, experience teaches us that there is a manifest tendency in directors themselves and proprietors of bank-stock, to increase their issues of paper to an extent hurtful to the public, for the promotion of their own private gains. The greatest banks in the world have been guilty of this error, and the Bank of Ireland, and even the Bank of England, are at this day existing proofs of the fact.

25. After the restriction of payments in specie in 1797, the former had, in six years, increased its paper issues from about £.600,000, to upwards of 2½ million; and the latter, from about 10½ million, to upwards of 16 million; and the bad effect is universally felt.

26. It is here, then, that the Government Director may be found chiefly useful, with no other interest in the Bank but what may arise out of an esprit de corps: his chief views will be directed to the successful operations of the Sinking Fund, and to the public advantages derivable from the whole institution; he may therefore successfully interfere, and even exercise a salutary influence in checking speculations tending to promote private advantage at the expense of the public good. It is in this view of salutary check, without the power of undue influence, that utility is anticipated from the services of a Government Director; and in this view, his mind should be familiar with principles enabling him to discriminate between the advantages of the banking system and its abuse; and to prescribe a limit to speculations beyond which Directors should never pass. In this duty, however, he will only point out the rule which is still left to the good sense and public spirit of the conjoined Directors to adopt or reject.

27. It has been observed, that the most perfect and most commodious currency of any great commercial country, consists in a due union of paper with the precious metals, and

N. B.—It is said by one of the ablest writers on this subject, that, when in England, payments under five pounds were made in cash, and larger payments in paper, convertible immediately into specie, the system appeared to unite the conveniences, and exclude the disadvantages of a paper currency in the greatest possible degree. If a similar principle be adopted in India, it is hoped it may never be slightly relinquished in the practice of banks. Experience has proved the evil of deviation from salutary rules.

some of the reasons above given are a proof of its convenience to commerce: the value however of every currency is measured by its utility, and the consequent confidence placed in it, by the concurrent opinion of the world, as a medium of exchange. Divest the precious metal of its worth as a commodity, and it is the general confidence of the world in its immediate convertibility into articles of use and consumption, that gives it value as a money currency: for the same reason, paper must owe its *entire* value (since it possesses none within itself) to confidence: this confidence is complete while it continues a real and useful representative of the precious metals which enjoy the general confidence of the world: but the precious metals themselves have their utility proportioned to the demand for them in any country, as a medium of exchange; their use diminishes with superabundance; in other words, their value lowers, and the currency is then said to be depreciated: if this happens to the metals themselves, how much more

evidently must it be the case with paper? A superabundant currency, therefore, whatever it consist of, is a depreciated one; and in proportion as its own value is lowered, that of every other commodity is raised: a more striking example cannot be produced than the effect of the discovery of the American mines; it threw an abundance of metal into the great money market of Europe, which proportionably raised the money prices of all commodities for which it was exchanged: commodities are now estimated at 15 times the price they stood at the conquest; other causes have contributed to this increase of price; but the abundance of money lowering its own value, is a chief one.

28. It is therefore evident that every currency should be proportioned to the exact demand there may be for its use, as a representative of value, or medium of exchange: gold and silver, if left to the natural course of things, would find their own proper limit; but a paper currency, capable of arbitrary increase, requires to be regulated: it should never exceed in amount the quantity of precious metal a society would otherwise demand, and of which it is only intended to be an useful and cheap representative: its *constant* and immediate convertibility into *specie*, is a satisfactory indication of its being always confined within this, its proper boundary; without this convertibility indeed, it at once loses a portion of that confidence which is its only value: with it, confidence is firmly established; and though at first it may be rather slow of growth, where the institution is quite novel, yet a confirmed experience in this immediate convertibility into cash, must necessarily give at length its just value to paper, in every commercial country in the world.

N. B.—When paper is issued into currency, it will, in its first effect, supersede the use of so much coin. The coin not being required in home circulation, will of course lose a portion of its value in that particular channel; it naturally seeks employment in others; more may be now employed by jewellers and manufacturers in precious metals. Merchants finding the paper answer for the transaction of home concerns, will employ coins in their commercial intercourse with foreigners, or in purchases or payments where

29. It must not however be supposed that discount is the only proof of excess in paper currency: bank paper may be excessive to a considerable degree before it attains this point of depreciation; the first effect of a superabundant currency is, as in the case of the precious metal itself, to raise the price of commodities by being lowered in its own value: this effect not being so plainly perceptible as a positive discount, is the more dangerous from its secret operation, and therefore the more necessary to be guarded against. Every species of depreciated currency produces this effect; and when a known large quantity of paper exists in circulation, it may, with great probability, be assigned to this cause. Bullion being a commodity like others in the market, and, generally speaking, more steady than any other in its price and value, is commonly looked to as one test of this excess; and where its market price for a constancy exceeds the mint price, without being

being explicable by an unfavourable balance of trade, it is generally esteemed a criterion of debased currency. The course of exchange with different foreign countries, is another common test, because the goods purchased by nations from each other, will be ultimately estimated by their bullion, not currency value, and all other things being equal, the exchange will necessarily be, or appear to be, against that country whose currency is depreciated. This test is a good one in countries where the exchange is not under the influence and direction of money-dealing monopolists; but in this country, where shroffs almost exclusively regulate the course of exchange, as their own views or interests dictate, the test may not be so applicable as that of the steady market price of bullion.

no paper issued. This effect is first felt in a rise of prices, because the currency is depreciated by superabundance; but it does not follow that the paper will be at a discount, because gold and silver, possessing intrinsic value, will still find employment at home; the greater loss and charges of exporting it, may prove a certain portion to continue in the home circulation along with the paper currency, and they must necessarily pass (while the public confidence is not impaired) at the same rates in respect to each other; but if the excess of paper continues to increase till the depreciation at home is so great as to render it actually profitable, after defraying all charges of freight, insurance, &c. to export the coin, then it will be forced abroad as it were for exportation sake; it may be said, to shun all further intercourse with the depreciated paper currency; and the latter will naturally bear a positive discount, because it must then pay a premium for retaining gold, &c. at home, which otherwise it would be more profitable to export. In the intermediate gradations of debasement, however, it would seem that paper may continue to circulate in excessive quantity, without this more observable and striking mark of degradation.

30. The state of home currency is, however, a matter of the highest importance in the administration of an extensive or National Bank; for it must be remembered, that every depreciation of that currency is not only a public inconvenience, but equally public injustice.

Whatever lowers the intrinsic value of a currency, is a positive violation of every existing contract in the country. Every creditor finds the amount of the just debt due to him diminished; every income is lessened in value, from inability to procure for its possessor an equal amount of the necessities and comforts of life. Every description of wages is necessarily raised with the rise in the price of commodities. Every consumer feels it, though he may not be aware of the real cause; and even Government, the greatest consumer of all, have all their expenses increased in the same proportion, and must accordingly have ultimate recourse for relief to increased taxes.

to very heavy distress.—Hence it occurs, that the constant and immediate convertibility of bank paper into specie, is, as a general rule, perhaps the best security that can be adopted against excessive issue, for in the event of excess, the paper will naturally return on the Bank to be exchanged.

31. An excessive issue of paper, therefore, though not subject to an actual discount, must have precisely the same effect on the community at large, as a proportionate depreciation in the gold or silver currency. It is the same, in effect, as those detestable expedients of the governments of old, in diminishing the intrinsic value, or raising the denomination of their coins for the sake of temporary gain; and which have been the execration of all subsequent writers. It is, in short, a power too extensive, and too important in its consequences, to be solely intrusted in the hands of men who have a manifest interest in abusing it; and it is in this respect, therefore, in particular, that I think a salutary check over the operations of the Bank, should be exercised by the Government itself.

N. B.—An excessive issue of paper is not only an inconvenience to the public in the rise of prices, but will be felt by the Bank itself, which is required to discharge its notes in specie on demand. For in the case of the market price of bullion exceeding the mint price, there will naturally be a run on the Bank for specie to convert into bullion, a run which might subject the richest Bank

and immediate convertibility of bank

It is this due limitation of paper currency, also, which gives it a stable and permanent value, and stability is a point of the utmost importance in every medium of exchange; an unstable currency must be one of impaired utility, considered as a measure of value; and what stability can attach to paper that fluctuates beyond the limit of that intrinsic value which it is merely intended to represent?

Constant and immediate convertibility

into specie is therefore a rule which cannot be too much insisted on.

32. In other respects, and in all useful respects, the Bank will enjoy entire freedom. They will have every aid which Government is capable of affording; and that aid will, as it ought to be, liberally granted. The chief object of Government being the speedy reduction of the public debt, that object attained, its views of collateral advantages, from the establishment of the Bank, will, as they ought to be, proportionably limited.

(Signed)

R. Rickards.

Ordered, That the following Letter be written to the Honourable the Governor in Council of Bombay:

To the Honourable JONATHAN DUNCAN, Esq. Governor in Council of Bombay.

Honourable Sir,

WE have the honour to acknowledge the receipt of your Letter under date the 22d of October last, transmitting copy of a Letter addressed to you by Mr. Rickards, with the several Documents mentioned to accompany it, on the subject of paying off the Indian Debt by the institution of a General Bank.

2.The

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(E.)

2. The Honourable the Court of Directors having in a late dispatch expressed their decided opinion against the establishment of a public Bank, in which it is proposed that their Government should have an interest, without their previous sanction; we do not consider it to be necessary to take the subject into our consideration, but recommend it to Mr. Rickards to submit the Plan in question to the consideration of the honourable Court.

Fort William,
the 6th May 1808.

We have, &c.
(Signed) MINTO,
G. HEWETT,
J. LUMSDEN,
H. J. COLEBROOKE.

EXTRACT BENGAL PUBLIC CONSULTATIONS, the 29th July 1808.

Government of Bombay.

To the Right Honourable GILBERT LORD MINTO, Governor General
in Council, Fort William.

My Lord,

AS connected with the subject of our Letter, dated the 22d of this month, we have the honour to forward a copy of a Minute delivered in by our colleague, Robert Rickards, Esquire, on the subject of your Lordship's dispatch, under date the 23d of last month.

2. Being specially restricted, by the repeated orders of the Supreme Government, from adopting any measure of finance connected with the annual supplies, otherwise than as your Lordship in Council may be pleased to sanction; and your late orders of the 23d of May, authorizing a recurrence to bills of exchange, on the condition only of the loan now open at this Presidency, continuing to prove as unproductive as at the period of your late Instructions, all that we can, under such circumstances undertake, is to transmit a copy of Mr. Rickards's Minute for your Lordship's determination.

Bombay Castle,
24th June 1808.

We have the honour, &c.
(Signed)

Jonⁿ Duncan,
Tho^s Lechmere,
R. Rickards.

MINUTE.

THE Letter of the 23d ultimo from the Supreme Government, having directed our recurring to the system of drafts or bills to furnish the pecuniary exigencies of this Presidency, I would beg leave to submit whether our immediate adoption thereof to the fullest extent that may be authorized, may not be preferable to the mode of raising our supplies by loan.

Notwithstanding the supposed advantages of the present open loan, notwithstanding all that has been said or written in favour of Government loans, and that the payment of interest is no loss to the nation, since it is only a transfer of revenue from one part of the society to another, &c. &c. I apprehend it may still be found liable to solid and fundamental objections. It is not my intension to enter into a detailed discussion of the subject, which would lead to tedious length, and at present unnecessary, but merely to state a few plain reasons in support of the objections I conceive to exist against this mode, whenever avoidable, of fiscal supply.

To appreciate these, it will be necessary to go beyond the mere superficies of the subject, which is but too apt at all times to mislead with false or imperfect views of immediate benefit, and to leave the mind unconscious of ultimate and permanent consequences; and as the evil of misapprehension, in respect to the financial arrangements of a nation, is proportioned to the importance, magnitude and extent of their influence, it would seem to be the more advisable, as it is always practicable, to recur to first principles, and to keep in mind the effect of natural operations, which cannot be obviated, nor even attempted to be opposed, without prejudice to the society at large.

It will probably be admitted to have been clearly demonstrated by Doctor Smith, that the prices of all commodities are resolvable into three parts; viz. the rent of land, profits of stocks, and wages of labour; that is, into some one or two of these three parts, or, as most commonly happens, into all three. The profits of stock or profit, as it is commonly termed, is, for example, an evident component part of the price of every vendible commodity. The wholesale merchant, who deals out these commodities to inferior traders, and to retail dealers, not only trades upon his own capital stock, but in

in what he may be able or disposed to borrow at the time in the society at the interest authorized as established by law: the inferior traders and dealers do the same. The profits of their mercantile dealings, must therefore, among others, enable them to pay this interest. The interest being thus a part of their profit, is consequently a component part of the price of every commodity they sell. It therefore raises the price of every commodity beyond what would be its natural standard, if no interest were to be paid to the lenders of money by the different descriptions of commercial dealers; money however cannot be borrowed without interest; but it is manifestly for the good of the whole society that it should be as low as possible, for it is a commercial charge on the price of the commodity; all commercial charges are a burthen, however necessary, and the lower they can be reduced, in all cases, the better. In India the interest of money is universally high, and competition can hardly expect to lower it, while the Company's Treasury continues open at the present rate.

Interest, moreover, is a child of commerce; and inasmuch as its influence is limited to raise the price of manufactured commodities, it necessarily lowers the value of rude produce for which the manufactured is exchanged, and thereby operates to the serious detriment of the most important, the most valuable, and the most productive branch of human industry.

The interest required for the payment of public debts, has a still further operation; the interest is the price which Governments are obliged to pay for the money they borrow, and in India is chiefly resolvable into the rent of land; Government absorbing, in some countries, all, and in others, by far the greater part of that rent in the public revenue; the pernicious effects of which, I have endeavoured to explain in other papers. Inasmuch as this interest is raised from tolls, from farms, and other direct duties on consumable commodities, it is another direct enhancement of the price of such commodities; and through the influence of these prices on the wages of labour, an indirect enhancement of their recompense alone.

Taxes levied for the payment of this interest, diminished too in proportion the general wealth of the society, for the expenditure of this sum by Government, or even by idle annuitants, is not so profitable an employment as it would find, if left in the hands of individuals, by adding to the amount of productive capitals. The sum of annual reproduction is therefore diminished, or is not so large as it would be, had not the wealth absorbed in the afore-mentioned taxes been withdrawn. Inasmuch therefore as there is a diminution in the quantity of annual reproductions, proportioned to the effectual demand, it will operate as a further enhancement of the price of commodities, from all which sources of enhancement, every consumer in the society, however ignorant of the cause, materially suffers, and Government more especially, the greatest consumer of all.

These effects are not the less severely felt, because not always perceptible within the limit of common observation, because the price of grain, for example, does not sensibly rise from 16 rupees per candy in one day, to 17 the next, 18 the next, and so on, or because the wages of labour do not visibly increase from 10 rupees in one month to 15 in another, &c.; but let the price of commodities be compared, at given distant periods in any country, where more and more money is annually borrowed at fixed interest, and particularly a high one; let the Government of such countries similarly compare the amount of their own annual expenditure; let them compare the charges of military equipments, and the expenses of campaigning armies; let them consider even the wants of their own domestic servants; and that allowances, formerly thought handsome, are now but a bare maintenance, and the effects above intimated will probably be thought more apparent.

It is not intended to say that interest is the sole cause of the augmentation of prices in commercial commodities, neither are the preceding the only ways in which it is supposed to effect prices; but these are perhaps sufficient to show that it is one evidently operative cause of increase, and that the injurious effects are equally felt by the society at large and by Government. I should therefore always be disposed to prefer the raising of our supplies by bills on Bengal, as now directed by the Government General, and to the full extent to which they may be enabled to authorize our drafts, rather than recur to the alternative of a public loan, which, if the reasons above given be true, ought to be deprecated, except under circumstances of absolute necessity.

The sum, in short, of the preceding reasoning, is, that in proportion as interest tends to augment prices, the value of every income in the society is diminished; the income of Government being the largest of all, they are of course individually considered the greatest sufferers; and a short calculation on these principles, might show that the premium, for example, now paid in subscriptions to the loan, was but a deceitful gain, contrasted with the lowered value of the public revenue; the gain being limited, perhaps only nominal, the loss real and perpetual, and fell in the amount of every future outlay, as long as the debt and its interests may continue to exist.

At all events, the reasoning here submitted, may afford hints for a more minute view of the subject, although the Board may deem it unworthy of adoption.

Bombay,
 June 23, 1808.

(Signed) *R. Rickards.*

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Papers relative to
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for establishing a
General Bank,
&c.

P. S. Finding in a late publication of some celebrity (which I cannot help thinking, however, it owes more to the peculiar circumstances of the times, than to its own intrinsic merits) that the argument, of interest on national debt being no public injury, because it is only a transfer of revenue from one to another, is again brought forward with apparent plausibility: a few remarks thereon, may tend to elucidate more fully the subject of the preceding Minute. The author observes,—“Those who contend that the deprivation to which the payers of the interest of the national debt, are obliged to submit to, must necessarily diminish the demand for the industry of the country, forget that although the sums they pay, are not by themselves expended in consumable commodities, yet they are so expended by the receivers of the interest of the national debt, though the land proprietor, the farmer, the manufacturer, now consume less luxuries than if they had not to pay one half their income (which they really do pay in taxes); yet the stock-holder takes their places, he expends the sums which they save, and thus *the effect is just the same* on the prosperity of the nation.”

To estimate aright the force or fallacy of these arguments, let us suppose that A, previous to the existence of the debt, had an income of £.2,000 per annum, and according to the premises of the same author, that it be reduced one half to A, by the payment of taxes; which half is transferred to a stock-holder; A, then, it is admitted, has his power of consuming diminished by £.1,000 per annum, which is transferred to B; but the taxes which thus diminished the former's income, are raised on consumable articles, and are therefore an addition to the price of such articles, which is now, on the preceding date, doubled.

The powers of B to consume, is therefore proportionately diminished also; this £.1,000 per annum will only purchase as many enjoyments as £.500 would formerly; whence the specific original income of £.2,000 has its power over the industry of the country reduced by one fourth; although the full half lost to the original proprietor, should be in toto transferred to the stock-holder, the sum total of annual expenditure, which is admitted by the same author *to be the very essence of our system*, is therefore evidently diminished equal at least to *one fourth* of the revenue of the nation thus affected.

This too, it must be admitted, is a more favourable division of the original income than ought properly to be conceded in a correct view of this argument, for all the taxes paid by possessors of income in a nation are not transferred to resident stock-holders, but are still more wasted in their expenditure; and if we consider the numerous other incomes which the free expenditure of this £.2,000 per annum by its original proprietor, would constitute or contribute to, in the great variety of hands it would pass through, in a nation of few or no taxes and brisk circulation, it is not impossible that its power over the industry of the country might be ten or twenty fold greater than in states where, from multiplication of taxes, this power is impaired one half in every income into which, through circulation, it could be made to enter.

Supposing, however, according to the other view of the subject, that the portion of revenue of any society so affected, were equal to 60 million sterling, and that taxes were to be levied to pay the interest of the national debt, which should have the effect of doubling prices, it would seem that expenditure, the very essence of our system, that “the demand in fact for the industry of the country,” would be diminished 15 million per annum; that is, that consumable commodities to this amount could not be brought into being, from want of purchasers, which there could be were there no interest, and consequently no stock-holders to participate. The effect therefore on the general prosperity of the nation, would certainly *not be the same*,—it would be highly injurious; whilst the revenue of Government, like that of the original proprietor of £.2,000 per annum, would be diminished in value one half; *i. e.* the same expenses and establishments which formerly cost them ten million, would now cost them 20 million, and go on from year to year to cost them more and more as their debt or taxes were required to be increased.

Bombay, Council Chamber,
24th June 1808.

(Signed) R. Rickards.

(A true Copy)

(Signed)

F. Warden,

Chief Secretary to Government.

Ordered, That the following Letter be written to the Governor in Council of Bombay, in reply to the foregoing.

To the Honourable JONATHAN DUNCAN, Esquire, Governor in Council of Bombay.

Honourable Sir,

WE have the honour to acknowledge the receipt of your Letter under date the 24th ultimo, transmitting a copy of a Minute recorded by Mr. Rickards, a member of your Board, respecting the mode of providing the supplies required for the service of the Presidency of Bombay.

2. It is evident, that while the Admiral charges, and the amount required for the provision of investment at the several Presidencies, shall exceed the annual receipts, the deficiency of supplies which shall be required for the public service, must be raised by means of loans, and we do not perceive the advantage which can arise to the public interest, by discontinuing that mode of raising the supplies required at Bombay, and opening your treasury for bills on Bengal, while we must have recourse to the very same measure here, viz. that of raising by loan the amount which may be required to enable us to answer those bills.

3. We are of opinion that it is advisable to raise as large a proportion of the annual supplies at Bombay by loan as may be practicable, and that you should draw bills on this Government only in the event of that mode of raising money being inadequate to provide the deficiency of your own Presidency.

4. It was conformably to these sentiments, therefore, that in our letter dated the 23d of May last, we had the honour to recommend your opening your treasury for bills on Bengal to such an extent as may be required for the supply of your wants, in the event of your subscriptions to the loan now open at your Presidency, being inadequate for that purpose.

We have the honour, &c.

(Signed) MINTO,
J. LUMSDEN,
T. H. COLEBROOKE.

Fort William,
the 29th July 1808.

No. 5.

Papers relative to
Mr. Rickards's
Proposition
for establishing a
General Bank,
&c.

EXTRACT BENGAL PUBLIC CONSULTATIONS, the 9th Sept. 1808.

Government of Bombay, Political Department.

To the Right Honourable GILBERT Lord MINTO, Governor General in Council,
Fort William.

My Lord,

IN reference to your Lordship's Letter of the 6th of May, we have the honour to transmit a copy of a Minute, dated the 17th of this month, and its enclosure, as delivered in by our colleague Robert Rickards, Esquire, bearing general reference to future reforms and reductions, such as our colleague views to be practicable, in the Establishments throughout India; particularly in the Revenue and Judicial branches of the public expenditure; and upon which very extensive ameliorations being contemplated, in the general condition of the British possessions in India, it seems proper that a communication, inferring such beneficial effects, should be submitted to that authority which can most extensively give them operation.

We have the honour to be, &c.

(Signed) Jonⁿ Duncan,
Tho^s Lechmere,
R. Rickards.

Bombay Castle,
22d July 1808.

MINUTE.

IN pursuance of the recommendation of the Supreme Government of the 6th of May, and of my short Minute recorded thereon, under the 27th following, I now submit another copy of my scheme for paying off the Indian debt, to be transmitted by the approaching dispatch to the honourable the Court of Directors.

A complete copy of the scheme is contained in the vouchers from A to E, to go a number in the packet, as affording a more easy means of reference than direction to a voluminous diary. Those vouchers therefore contain nothing new; but as it may be desirable, particularly at so great a distance from the superior authority, to leave no conceivable objection that might be urged against the Plan unanswered, I propose, in this Minute, to state such as have been made to me in this country, together with my answers thereto; since, if the same objections should occur in England, these at least may, I hope, be found to be refuted without further reference.

3. First.—The most important of all the objections urged, is perhaps the want of surplus revenue to supply the Sinking Fund with the annual million said to be required for its use; and this objection has always erroneously run on the idea that the supply of an actual million annually, was indispensable to the execution of the Plan.

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4. In the scheme itself, I have already stated the reason why I took a million sterling per annum to *calculate upon*; but an attentive consideration of it, will at once show, that this amount is by no means indispensable; in calculations, it is necessary to take some specific sum as the foundation thereof, and a million was accordingly assumed; but if the surplus revenues cannot afford this amount, they may afford some other lesser sum to aid the operation of the Sinking Fund, and all in fact that the plan in this respect proposes, is the *most rapid* liquidation of debt, *under due controul*, which our means and resources in India will admit of.

5. It may, however, be urged, that under present circumstances there is no surplus revenue to contribute to the aid of the Sinking Fund; and some lately published statements give reason to apprehend the fact. In this case, as the reduction of the Indian debt would doubly appear to be an object of the first importance and necessity, and even the *rapid* reduction of it, for reasons to be adduced presently, I would beg leave to refer the honourable Court to the two papers I have taken the liberty of recording; one dated the 24th September 1807, the other, 7th July 1808, on the revenue systems of India: wherein I have pointed out the means of reducing the revenue *native* establishments to a considerable amount. This proposed reduction is no vain speculation, for it has been put to the test of experiment in Malabar for a series of years, with complete success; one, I may also add, of the most difficult collectorships in India. In that province, a saving was effected in 1803, by reduction of revenue native establishments alone, of 1,40,000 rupees per annum. In the first year of the reduction, more revenue was realized from the province than ever had been received from it before; the successor of the collector who effected it, has gone on even with a somewhat smaller establishment than his predecessor left him, and with continued and even improved success. This fact, however, is here mentioned with no other view than merely to show, that if similar reductions took place generally on the principles set forth in the two Papers or Minutes above referred to, the Sinking Fund would no longer want the means of powerful operations on the Indian debt. It is not only a perfectly unobjectionable, but highly desirable method, also, of permanently reducing the public expenditure, and far preferable, in my humble opinion, to the measure of curtailing European allowances, the policy of which, independent of the odium it excites, may in a national point of view be strongly questioned.

6. I do not hesitate to add, on the grounds of experience likewise, that similar reductions are capable of being made with equally good effect in the Judicial department. Our present judicial system is a theory to be admired, and founded for the most part on solid principles. While the principles may be admitted to continue, or at all events with some little modification, the mode of administering them in practice, must sooner or later undergo reform, unless it should be determined to persevere in opposition to confirmed experience of its insufficiency to fulfil the object in view. The establishment of a Zillah Court, for example, is so very expensive, that it will ever be impossible to have a sufficient number of them to give justice to all who want it, in a country, generally speaking, far more comparatively populous than perhaps any European state, and at the same time poorer to. A complainant whose daily labour is his own and family's support, cannot go 20 or 30 miles, or even more, to seek justice, when the expenses of his journey, and detention at the zillah, will even exceed the amount of his suit; he must content himself with the original injury or loss; and the attempt to remedy this inconvenience by means of native referees, is, in my humble opinion, only to place power in the hands of people *most sure* to abuse it. But this is not a place to examine the merits of the judicial system. If the question ever comes to be discussed, I can point out what I believe, from personal experience, to be the *utter impracticability* of administering justice universally, or even generally, by means of the zillahs, on their present footing; and also the means of very considerably reducing this branch of the public expenditure: the savings in which might be equally applied, as far as was found requisite or expedient, to the uses of a sinking fund. By means of both these reductions, I should conceive it might be supplied with funds to any requisite amount, although no aid, under existing circumstances, could be derived from surplus revenue.

7. Secondly.—It has been objected, that the proposed liquidation of debt is too *rapid*; that all hasty movements in objects of finance, are to be deprecated; and the usual arguments are brought forward in respect to the convulsion it would occasion in property, &c. too well known to be repeated; adding, that the “present sinking fund which appropriates 2 per cent. on the original amount of the Indian debt,” would liquidate the whole in 21 years; which slow operation is deemed preferable to the other.

8. Admitting that a Sinking Fund of £. 2 per cent. is capable of relieving Government from the present grievous burthen of debt in 21 years, provided no interruption or impediment intervenes, still it does not follow that it *will* do so; for in so long a space as 21 years, wars and other casualties will in all human probability occur to arrest its progress, or defeat its otherwise beneficial effect. It has been the fate of most, if not all sinking funds, from the slowness of their operation, to yield a good that is but scarcely felt in the increase of public burdens, which accumulate before the object of the fund is capable of attainment; they thus diminish debt without affording effectual relief; it is like help to a drowning man without taking him out of the water; life is continued, but with the fear and danger of impending destruction still before his eyes. Past experience, therefore, warrants the establishment of a fund of more rapid operation, of a fund in fact equal to its object, in spite of ordinary obstructions and difficulties.

9. As to the convulsion of property apprehended from the too rapid operation thereof, let it be remembered, that this property is, in part at least, that of the very persons who have the

the management of the Bank and Sinking Fund in their own hands, and who, by primary arrangement at the institution of the Establishment, or by majority of votes at any subsequent period, may check this apprehended convulsion, whenever, if ever, it is found to be injurious or inconvenient; the rapidity of its operation is therefore no argument against it, when that rapidity may be checked at pleasure.

10. But after all, the speedy discharge of public debt is more, perhaps, a cause of chimerical than of rational fear: we have all seen the evils of an increase of debt; who has yet seen the evil of discharging it? In countries where capital has already filled every channel of employment, the dread of convulsing property by the sudden discharge of a large debt, may be justly founded; but if there be any truth in the papers which I have already had the honour of submitting to Government, under dates 24th of September 1807 and 7th of July 1808 (both recorded under the 9th instant), it must be admitted that in India there are channels still capable of receiving any quantity of wealth that can be poured into them, and which only require to be opened to receive the genial current. Supposing, therefore, this opening to be effected, the rapid discharge of Indian debt would then be one of the most fortunate things that could happen for the rising prosperity of the country; setting industry and ingenuity at work to find out new applications for capital, the sums paid off would overflow into a thousand useful courses, and commerce, agriculture, architecture, and every branch of public and private industry, would receive a new impulse; the inconveniences, if any, would be momentary, the benefit eternal. But the single observation of the probability of wars (added to the consideration of there being now, in time of peace, no surplus revenue) is itself decisive of the necessity of employing the largest possible fund for the discharge of the debt; and on this account alone, a sinking fund that has only power to extinguish a debt of 20 million in 21 years, will, in my opinion, never give *effectual relief*: it may accomplish its object; but in the period proposed, another 20 million, or even more, may, and probably will, still leave the same financial difficulties and dangers to be encountered.

11. As connected with this part of the subject, I shall beg leave to add a few more remarks on the operation of the Sinking Fund, which may eventually be found of the utmost importance; and to avoid all further misconceptions of the component parts of the fund (for these have also been misconceived) and of its particular mode of operation, it may be useful to prefix a concise statement thereof.

12. The Sinking Fund, as stated in the Plan, consists of the proceeds of 4 million of bank stock, as per Papers A and B; or otherwise, of the two million, or any other determined amount, as per Paper of modification D, together with an annual million, or some other amount capable of being supplied from the surplus revenues, or from the proposed reductions above adverted to, of native establishments. These are its only two component parts: it has nothing whatever to do with any other sum mentioned throughout the scheme.

13. Then suppose the Sinking Fund to consist, as per Papers A and B, of one million, to be supplied from the *surplus revenue*, and the interest of 4 million of stock, or £. 320,000, to be paid out of the other annual million supplied to the bank from the ordinary, and now appropriated revenues, and which is in fact at this instant applied in the same way, viz. to the payment of interest on the debt; then the fund will consist, in the first instance, of £. 1,320,000; the odd £. 320,000 would however be an extra charge on the revenues, if a corresponding amount of debt could not be annihilated; but with the aid of the Bank and stockholders, that amount of debt, or 4 million, is annihilated or paid off, and the £. 320,000 of interest thereon goes to constitute this branch of the Sinking Fund.

14. It is true this £. 1,320,000 bears no interest of itself, but it is immediately converted into stock or notes, which do bear interest; the annual proceeds thereof in cash being also similarly converted into stock or notes, in each succeeding year, the accumulation of interest cannot fail to proceed, as specified in the Statement annexed to A. It is moreover a fund which is anticipated to operate in its *full amount* on the Indian debt, because the Company are bound to provide funds in England for paying off such part of the debt as may be demanded, by drafts, in whatever way and at whatever time it may be liquidated, and may be supposed to be prepared for the event. It is therefore probable no deduction will be required from the proceeds of the Sinking Fund in this country to pay the small amount of interest there may be due upon a required loan in England to discharge drafts.

15. But here a very important suggestion occurs: let us suppose the worst. Suppose the Company may not be provided with funds to answer these drafts, and that, on the contrary, they should be obliged to borrow in England, not only the first £. 500,000 to discharge drafts, but also to borrow another annual sum equal to the interest thereof; in other words, suppose they are obliged to borrow this £. 500,000 at compound interest of 5, 6, 7, or even 8 per cent. for 8 years, *secured on their Indian revenues*, a short calculation, compared with the figured Statement annexed to A, will show that the operation of the proposed Sinking Fund will still liquidate the whole in less than 8½ years, for (vide that Statement) if we admit the £. 500,000 to be even doubled in 8 years by means of the compound interest at which it may be borrowed, and to stand then at one million—let the full supply be contributed to the Sinking Fund in this 8th year, instead of the reduced sum specified in the Statement, and it will leave no more than about £. 600,000 of debt to be liquidated after the expiration of the 8 years, which the Sinking Fund, from its amount, will then be equal to accomplish in about 4 months longer.

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16. If this explanation then is perfectly clear with respect to A and B, it must be equally so with respect to the lesser sums calculated upon in the modified Paper D (which however supposes drafts on the Court of Directors to the amount of either 1 or 2 millions) and it must be equally so with regard to any other sum whatever adopted as the basis of the Sinking Fund, provided the principles of the Plan be equally adhered to, and which in short is intended to exhibit the means of establishing a Sinking Fund free of extra charge on the Indian revenues, capable of extinguishing the debt in a short period, and with *ability to afford effectual assistance to the Company in England, should that be required, in raising funds for the discharge of the drafts which must necessarily be made on them whenever the debt comes to be paid off; for if we suppose the fund to be in full operation in this country, the Company, it is presumed, will experience no difficulty in borrowing money in England, which they have thus such speedy means of repaying, to answer any conceivable amount of drafts, or other demands, that may chance to be made on them.*

17. At all events it is not to be supposed an arrangement of this kind will be attempted without previous preparation by the Court of Directors, or without perhaps the sanction of the Legislature; some of the existing loans in India, it may be added, contain a stipulation whereby the principal as well as interest of the debt is payable by drafts on the Court of Directors at any time optional with the holder of the promissory note. They are therefore liable, even now, to a demand for millions (a late publication says 17) on any sudden alarm, and if not prepared to meet the demand, it may not be unacceptable to show the means of relief whenever this difficulty may occur.

18. Thirdly.—The remaining objections I have to notice, seem to me to arise chiefly from misconception of the object and principles of the Plan. It is, for example, objected that the Plan is of too gigantic a nature, that the issue of $3\frac{1}{2}$ million of notes is more than the circulation of India will absorb, supposing, as the objection erroneously does, this $3\frac{1}{2}$ million to be indispensable, and four million to be in every case required as applicable to the establishment of a Sinking Fund; and that the *creation*, as it is misnamed, of so enormous a capital as $8\frac{1}{2}$ million, for the stock of the Bank, is out of all proportion, is impracticable, and even dangerous, &c. and that the security for payment of the income of bank-stock is only plausible.

19. The papers A and B, it is true, contain calculations founded on the *supposition merely* of four million being paid off in the first instance, thereby forming the basis of a Sinking Fund; but it is also evident that neither of these papers *absolutely require* this amount of notes to be issued, or of debt to be paid off; it *may be any lesser amount, suited to what the circulation of India will easily absorb*: and that this part of the subject might be exhibited in a clearer point of view, Paper D was prepared to show, and I think it clearly does show, that the Plan, on the principles proposed, is capable of modification, *so as that the amount of the Sinking Fund, in the first instance, be exactly regulated by the advantage or profits which Government may be enabled to realize from the institution of the Bank Paper D*; then proceeds to a calculation, founded on the establishment of a Sinking Fund of *two million only*, instead of four at the first outset; and in which the first issue of notes for all India may, according to the principle of A and B, be only one million, or according to C, it may be *just that quantity, and no more*, which the circulation will easily absorb, and with this Sinking Fund of two million only, the debt is shown to be capable of liquidation in 9 years. In the voucher No. 1 are annexed the remarks of a gentleman of highly distinguished knowledge and science on this subject, together with a short answer, which will tend to show the still further modifications of which the Plan is susceptible.

20. As to the capital stock of the Bank, whether it be taken at $12\frac{1}{2}$ or $8\frac{1}{2}$ million, if the nature of it be duly considered, that it is in fact no new creation, that it already actually exists, and that its conversion into bank-stock is no more than a *mere change of name*, it may I apprehend be termed any thing but gigantic. Its amount will be no objection to subscribers, if it yields a *certain* adequate income; and none to the public, or Government, if it has the effect of a rapid liquidation of debt, and consequent diminution of present heavy taxes. The security for the payment of this income is real and not plausible, it consists, as at present, of a portion of territorial revenue now applied to the *payment of interest on the debt*, which only requires, on the institution of the Bank, to be repledged in the same way for as much of the said debt as may be converted into bank-stock. There is here no creation of a new and gigantic capital: it already exists, together with the revenue appropriated to the payment of its interest: its name only is changed. In this view of the case, there would seem to be neither danger or impracticability in the conversion of $8\frac{1}{2}$ million, or of some other amount of debt, into stock; for supposing this stock secured to yield 8 per cent. certain interest, and that the holders of this stock realize, say only 2 per cent. more from the net profits of the Bank, making altogether 10 per cent. would not stock of this description be greedily purchased? and if not subscribed for in promissory notes of the present debt, it must be paid for in money, which would serve to discharge the corresponding amount of notes. But of this sum of $8\frac{1}{2}$ million, as of others stated in the Plan, it seems still necessary to be observed, that in calculations tending to elucidate principles, it is necessary to have recourse to specific sums, particularly where the subject is abstruse, in order to carry through some clear connecting idea of cause and effect. If $8\frac{1}{2}$ million cannot be converted into stock, some other lesser sum surely can, and the *amount of this conversion, whether great or small, is a matter of indifference to the operation of the Sinking Fund*. The conversion of debt into stock is intended to establish an union of the Bank and Sinking Fund, for the purpose

pose explained in the Plan, and to induce the present creditors to subscribe their promissory notes for bank-stock; the same pledge or security is given for payment of interest, in addition to all the advantage which the said creditors, as stock-holders, will derive from the net profits of the Bank. If therefore 8½ million of stock be not subscribed for at first, the only difference therefore occasioned is, that a proportionally smaller sum of revenue than 1 million per annum will be settled on the Bank. Some stock will certainly be purchased, and Government, with the aid of the Bank and stock-holders, will then be enabled to establish the proposed Sinking Fund of 4 million, or of some other lesser amount (as fully shown in Paper D,) free of extra charge on the revenues; which fund will equally operate in the reduction of debt (as may be seen on reference to either of the figured Statements) whether it be promissory notes or bank-stock that it is required to annihilate. The millions mentioned in the Plan may at first sound high, but an attentive consideration of the principles of the Plan, with the *modifications* of which it is *evidently* capable, viewing the millions only as specific data on which to found easy calculation, will I think convince that it is in reality neither gigantic, or at all formidable or difficult of execution.

21. Fourthly.—The establishment of the Bank has been objected to on the grounds of its being a Government Bank, and therefore deemed unconstitutional, and an engine too dangerous in the hands of any form of government, &c. The propositions in respect to exchange are also objected to on the same principles, and the impolicy urged of allowing any Government to interfere therein.

22. *A real Government Bank* is doubtless impolitic, and may often prove a very dangerous engine. The arguments on this head are incontrovertible. But can a Bank, consisting of one Government Director, with one vote, and an indefinite number of other Directors, say eight, ten, or twelve, with as many votes, be properly termed a Government Bank; or be considered liable to the objections which are justly urged against a Bank directly conducted or controuled by an arbitrary government? The business of Government in the Bank here proposed, is chiefly co-operation, with a small, but perhaps salutary degree of check over private speculations of injurious tendency to the public. If the Bank of England is proved, from transgression in this respect, to be in need of salutary check, how much more requisite must it be in a general Bank in India, where at the Presidencies, the great commercial agents, and who must be the chief Directors of the Bank, might otherwise be left at liberty to pursue their own particular interests, without any regard to those of the public? Reasons, however, are given at some length in the Plan, to show the necessity of a check on both sides; and if the checks proposed against undue influence on the one hand, or imprudent speculation on the other, are inadequate, experience must furnish better ones. In the meantime I cannot yet discover that this Bank is any other than a *General Bank, encouraged and fostered by the protecting hand of Government*. It certainly was intended to be precisely this; and to obviate the evils incident to a Government Bank, properly so called; while much mutual advantage, it is hoped, may be derived, and inconvenience obviated, by this union of the mercantile body with Government in a firm bond of mutual interest.

23. The supposed interference of Government with respect to exchange, will, I should hope, on due consideration, appear to be another misconception of the Plan. It certainly gives Government no power of interference; Government contributes a co-operative aid through the medium of its several treasuries; the whole business of exchange, including rates, &c. is left to the Bank Directors, in other words, to the great body of merchants in every part of British India, to be regulated, in fact, by the free course of trade. In any question that may arise on the subject, Government can have only one vote against perhaps a dozen.

24. Fifthly.—The conversion of any portion of the Indian debt into Government bank stock, has been received as a dangerous experiment seriously to be deprecated. Whilst the principles of the Plan are admitted to be generally correct, the proposals which it contains in this respect have been considered as pregnant with all the evils, and liable to the same failure as occurred in the similar attempts of the South Sea and Mississippi Schemes in the famous year 1720.

25. The Plan being admitted to be generally correct in its principles, will surely bear no comparison with the South Sea and Mississippi bubbles, whose very name proves them to have been founded on no correct principles at all.—The failure of those schemes does not appear to me to be in the least attributable to the *conversion of public debt into the joint stock of those Companies*, but to the delusions practised on an infatuated public: neither one or the other was ever possessed of funds equal to the realization of those profits and promises which they held forth to the world; the value of their stock was therefore artificially enhanced; and when delusion could be kept up no longer, the bubble, as it has been commonly termed, burst.—Indeed the South Sea Company continued to flourish for some time, *under an incorporation*, or conversion, of about nine, and afterwards eleven millions of the public debt into their joint stock. The fraudulent stock-jobbing speculations which followed upon the Statute 6 George I. seem to have been the sole cause of their downfall.

26. The Mississippi Scheme, it is true, had in view the payment of the public debts of France: so far comparison may be admitted with the present Plan; but it is by no means equally evident that the conversion of public debt into the stock of Mr. Law's Royal Bank or Company, occasioned its failure. After a series of the most violent shocks to public credit, even from the year 1713, after various arbitrary changes decreed by the Duke of Orleans,

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as well in the metal as the paper money of the kingdom; and after several artificial if not fraudulent enhancements of the Company's stock, the scene drew to a close with two of the most extraordinary acts that ever betrayed the ignorance of Government in respect to the principles of money:—first, the issue of bank-notes to the amount of more than double that of the coin estimated to be necessary for the currency of the kingdom; and, secondly, the famous, or rather infamous arrêt of the 21st May 1720, whereby the notes in circulation were at one blow reduced to one half of their former value. It was not till after these fatal measures, that the public became alarmed, or their confidence in the scheme impaired; and when to these are added a want of funds to fulfil promised dividends on all these actions or shares outstanding, we need look to no other cause for a complete overthrow of the whole concern.

27. In the present Plan, however, there is nothing that I can see that admits of comparison with the acts in the Mississippi Scheme, of an arbitrary and perhaps ignorant Government operating on an infatuated public. There is here no attempt at delusion, the whole Plan might, and perhaps ought to be published: its funds are fully adequate to every anticipated result; not a share that will not certainly yield its expected profit; not a bank note issued beyond what the circulation may as certainly require. Government of itself can do nothing, and therefore nothing is to be dreaded either from the influence or capricious exercise of arbitrary power. Under such circumstances, I confess I neither see the danger or inconvenience of giving, to a certain portion of the debt, a *mere change of name*.

Objection.

28. Sixthly.—There have been some other objections advanced: such as, in case of war, that the notes would be thrown back on the Bank when money bore a premium; the impossibility of issuing others without a loss equal to this premium; the danger of inconvenient runs on the Bank, when relief must be sought at a great distance; and the limited power of extending the issue of notes, &c. But as all these would seem to be sufficiently refuted by the course and successful progress of banks in other parts of India, under the circumstances apprehended, it may not be necessary for me to trouble the Honourable Court with any particular remarks thereon.

Answer.

29. Seventhly.—Finally, it has been urged, that the “merchants here (Bombay) are themselves bankers;” and that “this plan would necessarily transfer much of that part of their gains to the Bank; that the Bank can in no way hold out an inducement sufficient to prevail on the merchants to give up their present command of the money trade to take merely a share of that of the Bank; that it would be like admitting the holders of bank-stock into a copartnery with them in a gainful part of their business.”

30. In the Plan itself there are details of some length, to show the advantages which the mercantile body may derive from a successful co-operation therein, and the benefits and facilities which trade in general would experience. Perhaps advantages are no where, or seldom, attainable without corresponding sacrifices; but if the compromise here shall not be found sufficiently favourable to the merchants, there is still no reason why the objection may not be obviated by an arrangement which should limit the amount of bank-stock to the actual shares of the Directors, the merchants themselves would be these Directors, and they would then have no copartnery in a gainful part of their business; the gain, for example, might be *all* their own, under some of the modifications of which Paper (D.) and the voucher No. 1. to this Minute, show the Plan to be capable; whilst a Sinking Fund, under this connection, would still be established, which is all that Government want, free of extra charge on the revenues.

Vide second
supposition,
Paper D.

31. But after all, however desirable the aid and co-operation of the merchants in the execution of the scheme in question, still if they should think proper to withhold it even *in toto*, or *pro tempore*, it is evidently in the power of Government to establish the proposed Bank and Sinking Fund independent of their aid, and to conduct the same by officers of their own, if just and established principles be scrupulously adhered to, until the object in view, viz. the reduction of debt, be accomplished to the full extent that may be desired.

(Signed) R. Rickards.

Bombay, 17 July 1808.

No. 1.

Extract of a LETTER, &c. with Remarks annexed, on Mr. R.'s Plan for reducing the Indian Debt; and Answer thereto, dated 16 October 1807.

WHEN I had the pleasure of seeing you at Dr. Scott's, I took the liberty of stating one or two remarks, which the intricacy of the subject, added to that habitual difficulty which I feel in communicating my ideas in conversation, prevented me, I fear, from explaining so as to be intelligible; I have therefore used the freedom of repeating them in the inclosed memorandum X, in as few words as possible.

I must again repeat, that none of the objections which I have heard started, tend in any degree against the foundation of the Plan: some of them suppose a certain change in the channel of the money trade, but most of them are only difficulties, such as every similar institution

institution is liable to, and which require only an increase of vigilance to foresee and prevent. There seems no good reason why, in a country so rich and trading as India, a bank should not prosper as much as in other countries. The novelty of the plan would occasion difficulties, which it is not ascribing too much to the talents of the original projector, and the sagacity of the Bank Directors, to suppose they could overcome: judicious management is of course supposed in every such plan; and the objections seem to me to be chiefly considerations for the Bank Directors. The local experience of the merchants, would furnish invaluable assistance, and the limited extent of the first issues and operations, would try the ground, and prove the best experiment how far the Plan could be gradually extended, and what quantity of active stock might be required for its transactions. If the Plan C were adopted, of beginning business merely as a bank, in which the Company was a sharer, under the agreement that after a limited time the issues of notes should be on the joint account of the Bank and of the Government, under such considerations and in such proportions as might easily be fixed, Government gains not only the agreed proportion of the notes kept in circulation, but the further proportion corresponding to its share in the Bank. The interest of Government and of the stock-holders and directors is thus also united. Let the share allowed to Government be one half, as it has also a third of the remainder, the gain of Government would be nearly two-thirds of the whole issue. If Government were allowed five eighths, their third giving another eighth, their whole advantage would be three fourths of the issue, and a large sum of profit would still go to the bank-sharers from the remaining fourth. The Paper D shows indisputably that these and numerous other modifications might be made, preserving the beneficial effects of the original Plan.

Perhaps the additional fund proposed in (C) might be delayed; and some conjectural sum from the issues, rising progressively, substituted in its place.

By giving Government a proportion of the issues, the Bank might be made to serve Government exactly in proportion to its own success, and the increasing trade and prosperity of the country.

I owe you many apologies for having detained the Papers so long, and still more for the freedom with which I have written on a subject, of the principles of which I confess that I have only some glimpses, and which can be best decided only by those persons, of great local knowledge and extensive commercial transactions, who have been made acquainted with the plan, and to whom the difficulties and advantages of the schemes must be strongly visible. I confess I see no difficulties that are insurmountable; and I cannot help congratulating Government and the Country on possessing a practical politician, who, by so simple a plan, promises to relieve Government of so great a part of its burdens, by means which, far from being injurious to industry or trade, seem to offer new facilities to increasing the wealth, prosperity, and happiness of India.

MEMORANDUM X.

1. THE mode in which the Bank is to begin its operations, is not perhaps sufficiently apparent. No fund, by means of which the operations are to be commenced, is pointed out by the Plan. The capital is in the hands of Government, and has been used to pay off Government debts: in this state it affords sufficient security to the creditors of the Bank, but it is not a disposable fund for active transactions, as no part of the interest becomes payable till six months after the period of the purchase of bank-stock; the Bank has no funds till then: at that time indeed half a million is payable by Government, and a fund to that extent for Bank operations exists; but then it must be understood that the purchasers of bank-stock do not receive their first half year's interest. The first instalment must be applied to form the *active fund* of the Bank: this is the first fund they possess *naturally* for carrying on their business; the large sum of stock in Government's hands can be applied only as a *passive fund* to gain credit to the Bank in its loans and issue of papers. It is an excellent security to the creditors, but can be used by the Bank only as an instrument of credit, not as stock engaged in trade. If what has been here denominated the active fund of the Bank, is to consist of half a million, the stock-holders must do without half a year's interest: if it is to consist of one million, they must give up a whole year's

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Interest,

ANSWER to REMARKS.

1. THE difficulty of a connected explanation in private conversation, on so abstruse a subject, renders it at the best always liable to some obscurity. In Plan A, I have stated that I purposely declined entering into a detail of the business of the Bank, which will of course be ultimately regulated and arranged by the Directors. This constitutes a material part of that detail; and the quantum of deposit in specie required for the active operations of the Bank, must necessarily depend on the plan determined to be adopted, or the amount of capital issues in bank-notes. The Bank must of course, like all other banks, be at the expense of its own deposit of specie. What I meant to explain was, that this expense will admit, on the plans here suggested, of considerable diminution, in view to the payments required to be made by Government into the Bank for the use of the *Sinking Fund*, viz. the payments in the first year, for example, on this account, being 1,320,000*l.* might be made in monthly instalments of 110,000*l.* which will increase in arithmetical progression, say till the sixth month, or any other specified time, when the aggregate sum may be required to be applied to the uses of the said *Sinking Fund*. But in the seventh, or following month, another 110,000*l.* is paid in, and will similarly increase monthly; so that in this way a very large sum of specie will be continually in deposit in the Bank,

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MEMORANDUM X.

ANSWER to REMARKS.

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interest, and so on in proportion. The suggestion that this fund might from the first be gradually supplied by the regular coming in of the Company's revenues, offers a partial corrective; but as this proceeds on the idea not only of a full treasury, but of an accommodation from the treasury to the Bank, not specifically pointed out in the Plan, and really forming a temporary loan without interest, from Government to the Bank, it is doubtful how far it would be prudent to rely on it. It is not what the Bank can demand. Besides, it only operates during the six months: at the end of that time the interest is due, and the money must either return to pay the stock-holders, or be by them permitted to remain employed by the Bank. The accommodation on the part of Government therefore ceases, and the burden of supporting the Bank's operations devolves on the stock-holders. It therefore seems necessary, either that the Bank should begin its operations on credit, and by borrowed money, or that the fund should be raised gradually by detaining the half-yearly interest of the stock-holders.

2. It is of much more importance to keep in mind, that in no instance can the holders of notes, or the merchants, gain by the issue of notes. The notes may be of very great convenience to the merchants and the public, but never can turn to the profit of any but the Government or Bank. By all others they must be purchased, and stand only in the place of specie.

3. It may reasonably be doubted whether any inducement could be held out to the Bank to take a deep interest in the notes, except either an agreement that a certain proportion should be issued for the Bank, when a certain proportion was issued for the Government, that the Government and Bank should divide the total issues in certain shares, or an agreement that the Bank, on making Government a certain loan without interest, should have the sole benefit of the issues of notes. In the former way their interest would be mutual, and neither party would have any inducement to urge an inordinate issue, particularly if the expense of supporting the sum of cash for keeping up the circulation, were also divided in certain proportions: thus too the gain of Government would increase as the advancing prosperity of the country enabled the issues of paper to be extended. In the latter way, the total issues, after passing the loan to Government, would accrue to the benefit of the Bank alone. It is to be observed that the supplies of foreign specie would come only as they do at present; any importation from England, for example, must be purchased by value given by the Bank, as much as by any individual. That in Bombay the trade runs very much in seasons, and hence the issues of notes would need to be considerably limited in the busy months, to prevent inconvenient returns afterwards.

intended for the use of the Sinking Fund at *certain fixed periods*: which deposit, I conceive, the Bank may intermediately use, provided proper care be always taken to complete the amount at the particular times when the Sinking Fund demands it, and which will therefore tend to lessen the expense which other banks are subject to on account of a deposit necessary to the support of their active operations.

This, it may be objected, is an important aid contributed by Government to the Bank, free of interest:—True. But the Government have their advantage also, for on either plan they have a Sinking Fund established, with the aid of the Bank, free of extra charge on the revenues; and on Proposal C in particular, or any modification thereof, let it be remembered, that every diminution of the Bank expenses will be a corresponding addition to the profits in which Government have a prescribed share. The possibility of reducing the debt in so short a period as from seven to nine years, is moreover a matter of such high importance, as to be worthy some sacrifice at least to effect it.

2 & 3. It will perhaps be thought some recommendation in favour of the Plan, to find that its original principles are capable of such various modifications; some of which it is at least hoped may be found perfectly unobjectionable. The very ingenious remarks contained in these paragraphs, are in fact modifications of A & B, which infer a loan from the Bank to Government free of interest; in consideration of which, the Bank should enjoy a corresponding proportion, or all the advantages arising from its private business. Both these suggestions, however, and the simple modes of proceeding, are therefore perhaps preferable. The original Plan indeed proposes a loan in bank-notes, which will therefore cost the lenders nothing, while the opposite modification implies, I presume, a loan in specie. But if the former be deemed too complicated, or not ultimately feasible, and the latter therefore preferred, should any difficulty arise from requiring so large a sum in specie as 2 million in loan from the merchants, even this is capable of still further modification, as follows:—On 2 million of debt being advertised to be paid off, let the merchants lend as much thereof as shall not be taken by the creditors in bills on the Court of Directors; suppose then the merchants, *i. e.* proprietors of stock, lend in this way £. 1,200,000, and £. 800,000 be paid by bills, let 12-20 be the share of the said proprietors in the Bank profits, and 8-20 the share of Government, which latter share will go to counterbalance the expense to be incurred by the Court of Directors in raising the £. 800,000 in England.

(Signed) R. Rickards.

(True Copies.)

J. Warden,
Chief Secretary to Government.

No. 6.

COPY of PARAGRAPHS 31 a' 38 inclusive, of a Revenue Letter from the Governor in Council at *Bombay*, to the Court of Directors of the East India Company; dated 20th February 1808.

EXTRACT REVENUE LETTER from BOMBAY; dated 20th February 1808.

Para. 31.

AFTER this detail respecting the Pergunnah of Broach, and our proceedings on its revenue concerns, it is not a little pleasing to us to be able to close it with requesting your honourable Court's attention to the farther Report from the same Commissioners, under date the 24th of January, exhibiting the progress made in its fiscal and other concerns; the result of which, in as far as respects the former head, is as follows:

No. 6.

Revenue of Broach
and Surat.

					Rupees.
1803-4	-	-	-	Collections	10,54,539.
1804-5	-	-	-	D°	11,30,647.
1805-6	-	-	-	D°	11,26,997.
1806-7	-	-	-	D°	12,24,583.

whilst the amount of those realized during the twenty years of Scindia's tenure, averages no more than 8,35,105 rupees.

32. Nor have we less satisfaction in requesting your honourable Court's perusal, and attention to the Report under date the 26th of January, from the similar temporary Commission at Surat, showing that the cultivation, and, consequently, the revenues, have been rapidly increasing since our acquisitions from the cessions by the Paishwa and Guicawar in the Attaveery, (or country between Demaun and the Nerbuddah,) the receipts from which having risen, in the space of four years, from the annual amount of 6,24,463 rupees to 7,28,122 rupees, yielding thus, in four years, an increased yearly return of 1,03,659 rupees.

33. The Report from the collector of the very extensive territory dependent on the zilla or division of Kaira, under date the 20th of January, recorded in the same day's proceedings, as above cited, will, we flatter ourselves, prove, in view to the particular circumstances of that cession, no less pleasing to your honourable Court than the consideration of the two preceding narratives, as to the prosperous condition of the Broach Pergunnah, and of our districts in the Attaveery.

34. In submitting these briefs notices of the revenue administration hitherto in progress throughout the three grand divisions of country intrusted to the charge of the Government of this Presidency, it will thence appear, that in all and each of them, very material ameliorations have taken place, not only in the considerable increase of the annual receipts, but in the Regulations for the country, particularly under the division of Broach, in which a system of regularity, order, and quiet, has been uniformly advancing at the same time with the augmentation of the funds for the revenue; which last has been above shown to have increased, by nearly two lacks per annum, notwithstanding our having intermediately given up such parts of the former funds for it, under the late Government of Scindia, as were believed to have an oppressive tendency.

35. The same general observations will be found applicable, in a considerable degree, to the division of Surat, in which the cultivation will appear to have been considerably extended, and the revenue in particular to have increased in a still greater proportion than within the collectorship of Broach.

36. It will, on this occasion, be pleasing to communicate to the honourable Court, that relief has been afforded to the inhabitants of the city of Surat, by the abolition of a variety of the Moghul taxes, to which they were subject during the Nabob's Government; and it is our intention to prosecute this object as far as future enquiries or experience may indicate, more especially in the department of the customs, which are thought to fall too heavy on the inhabitants there, in proportion to those at the Presidency.

37. In as far as respects the extensive collectorship at Kairah, it may, in conclusion, be observed, that although the increased realization in the public funds, has, in that quarter, been less in proportion, the most orderly and highly regular manner in which the settled revenue have been collected, redounds, in view to the peculiar description of a great part of

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of its inhabitants, so much to the credit of the collector's management, that we discharge only a duty in again distinguishing Mr. Diggle as one of the most promising and meritorious of the civil servants in this line of employ.

38. The success which is thus shown, on grounds the most obvious, to have attended the administration of our lately acquired Northern territories, will constitute, it is hoped, the best apology for our deferring till another opportunity to submit at greater length the ultimate and more fixed rules, which we may have to recommend for their permanent management. There may not (generally speaking) be many we could propose better adapted (as the result has shown) to their general prosperity hitherto, than those they have been for the few past years subject to; and as far as our impressions yet extend on a subject of such great delicacy, we feel inclined to coincide in the principles already indicated by the Legislature; viz. that the established customs of the natives should be generally adhered to, affected only by such well-weighed improvements as have for object the guarding, (by the means, for instance, that are above mentioned to be intended by the written or printed deeds to be granted to the patells of Broach) more effectually their own established systems, from such vicissitudes and abuses as experience has shown them to be liable to; in short, to endeavour to ameliorate their condition, without subverting the foundation of their hereditary rights; the preservation of which, as interwoven into all their manners and impressions, must tend, it is conceived, most efficaciously, to their permanent happiness.

No. 7.

COPY of PARAGRAPHS 49 a' 54 inclusive, of a Revenue Letter from the Governor in Council at *Bombay*, to the Court of Directors; dated 14th April 1810.

EXTRACT of REVENUE LETTER from BOMBAY; dated 14th April 1810.

Para. 48.

AT Broach, the revenue in arrear on the 30th April 1808, stood at Rs. 1,88,003. 1. 36. which, we have the satisfaction to add, was entirely cleared by the same date on the following year, Rs. 176. 1. having been alone remitted; nor are there any arrears on account of former years under this collectorship.

49. The jumma for the several districts included in the collectorship of Broach for 1808-9, amounted to Rs. 14,31,076. 2. 86.; the collections within the year aggregated Rs. 14,21,846. 0. 37. leaving a balance, on 30th April 1809, of Rs. 9,230. 2. 49. which there was little doubt of realizing; and the cause of which arises from the revenue not falling due within the period embraced by the year of account, as already explained in a preceding part of this Address.

50. The disbursements of this collectorship in 1808-9, on account of native establishments, amounted to Rs. 21,522, being only 1.503 dec^{ls} per cent. on the jumma; the allowances to covenanted servants amounted to Rs. 23,199. 3. 06. being 1.621 dec^{ls} on the jumma; whilst the total of the charges bear only 3.125 dec^{ls} on the receipts. The customs yield Rs. 1,18,410. 2. 65. and the native establishments amount to Rs. 5,383, being 4.550 dec^{ls} per cent. on the receipts.

51. The total receipts therefore from the revenues and customs aggregate Rs. 15,49,486, and the total charges Rs. 50,109, being 3.234 dec^{ls} per cent. on the former; and, by throwing the charges of the judicial establishments (being Rs. 1,70,876. 1. 43.) which include the Court of Circuit and Appeal for the whole northern division, into the computation, the disbursements on account of the revenue, customs, and judicial establishments (amounting to Rs. 2,20,985), bear at the rate of 14.262 dec^{ls} per cent. on the receipts from this possession.

52. On the settlement of the revenues of this district for the year 1808-9, we had the satisfaction to find that the land-revenue of Broach still continues to encrease, being, for that year, Rs. 9,76,818. 3. which is Rs. 19,495 more than the preceding one.

53. The land revenue of the Pergunnah of Broach Proper (which constitutes singly the principal source of the above large rental) was never, under any former Government, for

two

two years together so high (according to our best information) as the first settlement made by the Revenue Commission in March 1805; and its permanency and increase are principally to be attributed to the investigations, which brought to light and abolished the various mal-practices of native revenue officers, and the many ruinous and oppressive systems introduced by Mahratta farmers, at the same time that they ascertained the true and old established system of assessment which has since constituted the rule of guidance; the land revenue of that single Pergunnah of Broach Proper alone, is now Rs. 1,59,433. 2. 50. more than it was when the Revenue Commission was first appointed in January 1805; whilst, as described in the Commissioner's Report of 31st May 1807, the increase of income to the cultivators is to the full as much as that in the Government share or revenue; the surplus not resulting from any enhancement of the rate, but from that rate being levied on a more extended cultivation.

54. The general improvement in the state of the inhabitants of this district, is further very observable in the number of substantial houses to be seen in the villages, where huts of mud and straw stood about four years ago, as reported in the letter from the late Revenue Commission, dated the 26th February 1809.

No. 8.

COPY of PARAGRAPHS 113 a' 142 inclusive, of a Revenue Letter from the Court of Directors to the Governor in Council at *Bombay*; dated 10th January 1810.

EXTRACT REVENUE LETTER to BOMBAY; dated 10th January 1810.

Para. 113.

THE third, and not the least important subject to which your enquiries have been directed, is the mode of realizing the revenue. The information on this head, contained in the Report of Messrs. Prendergast and Steadman, of the 31st May 1807, and its accompaniments, is certainly more complete than any that had been previously acquired; but we cannot help thinking that by the aid of better arrangement, it might have been conveyed in a form more perspicuous and satisfactory.

114. The principle upon which the jumma or rental is annually settled in the Guzerat, seems to be an equal division of the produce of the tulput land in cultivation between Government and the farmer. Though it be competent for either party to insist upon this principle being literally acted upon in fixing the jumma, and upon half the produce being levied in kind, the rent, according to ordinary practice, is commuted into money. A general rate of assessment has been fixed throughout the greater part of the pergunnah, where there is but little difference in the soil at 4 rupees per bheega, for the better, and $3\frac{1}{2}$ rupees for the inferior sort of land. But in the immediate vicinity of the Nerbuddah, the rent varies from two to twelve rupees per bheega, according to the different descriptions of soil and the crops, the share of Government being always calculated upon the estimated value of half the produce, whether the ground be a sandy hillock or a rich bottom, and the crop be rice or sugar-cane. This rate however, in uncommon seasons, or under particular circumstances, is either increased or reduced, as the collector or husbandman may show cause. When the crops are so far advanced as to admit of a fair estimate being made of their value, the mehtas, tullaties, and patels transmit statements thereof to the collector's cutchery; Native Committees, consisting of a karkoon belonging to the collector, a dessoy and moozumdar and ameen patel are sent out in different directions, to check the statements given in by the village revenue officers; and when this investigation is completed, amended statements are made out and remitted to these officers, who, agreeably thereto, form jummas of their respective villages. This being accomplished throughout the district, separated sunuds or notes are prepared for each village, specifying the amount of their individual assessment. The patels assembled on a certain day, sign these sunuds in token of their acquiescence, and when they return home, the mehta apportions the precise amount of the rent payable by each patel, according to the size and quality of his particular bang or share in the bangdaree villages, and according to the number and productive powers of the bheegas which he cultivates in the bheegotee village. The charges of husbandry are borne by the cultivators; the expense of collecting the Revenue is defrayed by the Government, and the periods of collection are fixed at those seasons when the farmer is ablest to pay, or when he has realized the value of his crops, the amount of the instalments by which the contributions are levied, being always proportioned to the estimated funds of the contributor at the dates when they become due. In fine, as a security for the payment of the Government rent, the crops can neither be reaped, housed, threshed out,

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nor sold without the permission of the collector, or one of his authorized agents. Such is the general outline drawn in the Report of the Revenue Commissioners of Broach, of the system now in force in that pergunnah, and the principles which you conceive to have been acted upon by the Mogul Government, with little variation, throughout the whole of their territories in the western part of India.

115. That a system of this kind is liable to very grave objections, and that, both in principle and detail, it is in direct and uniform hostility with the doctrines of political economy, which in this part of the world have been considered not only as theoretically true but practically beneficial, does not admit of doubt: and though it might be perilous in every case to act conformably to these doctrines, without regard to local circumstances, which may occasionally prescribe a deviation from them; so, on the other hand, there is some danger lest long and constant familiarity with inveterate prejudices, should lead us to confound the rule with the exception, and to forget the difference between a necessary compromise, and a voluntary renunciation of the first maxims of political science.

116. The system now in force is liable to all the objections which are thought generally applicable to the payment of rent in kind; for though the Government revenue be collected in money, the sum contributed is supposed to be the precise value of half the produce; and the only difference between the present mode, and that of paying in kind, is, that in the latter case the husbandman would deliver the half of his crop at the collector's cutchery, whereas now he carries the whole to market, and on his return pays in one half the sum he has received for it. In one respect, indeed, the present system is more troublesome to the Government, and more vexatious to the farmer, than the other; for were the produce collected in kind, it would be necessary for the collector to continue his superintendence of the crops after they were removed from the field, and the cultivator having delivered the moiety due to the sirkar, might house, thresh out, and dispose of his own share at what times and in what proportions he might find convenient, without being subjected to the galling restrictions now imposed upon him.

117. It can hardly be necessary to point out the evils inseparable from a revenue system of this nature. It is troublesome and expensive in itself: it loads the productive class of society with the support of a numerous train of unproductive pensioners: it unquestionably tends to discourage improvement, by diminishing the motives to industry: it fetters and embarrasses the cultivator, by the imposition of restraints always irksome, often prejudicial; in fine, it offers a strong temptation to fraud and depredation on the part of the ryot, while the trouble attending it must frequently occasion neglect or collusion on the part of the collector.

118. A tax levied, generally amounting to the estimated value of half for the produce, must operate very unequally, if great care be not taken to distribute in equal portions the good and the bad land among the individual contributors: a precaution which may not be always practicable. It is evident that a certain portion of the produce of land is, in different situations, equivalent to a very different portion of the rent. In rich lands the cultivator may afford to give half the produce, and at the same time have a very handsome profit; whereas in poor lands the produce may be so small, and the expense of cultivation so great, that were he to pay one quarter of the produce in the shape either of rent or tax, he would not only have nothing over, but would be without the means of subsisting himself and family.

119. The practice of letting the lands from year to year, cannot fail to stifle every thing like enterprize on the part of the farmer. Though the claims of the patel as an hereditary cultivator, may give him security against being dispossessed of his farm, he must, as things are now managed, be contented to share half the advantage of his improvements with Government, the same years even in which they are made, so that his most laborious exertions serve only to add to the weight of his assessments.

120. But notwithstanding the strong objections to which the existing revenue system is liable, even after the many ameliorations and improvements it has undergone in the course of your administration, (which we shall notice by-and-by,) we entirely concur in the opinion that you entertain of the delicacy, impolicy, and danger of introducing any great and sudden innovations among a people with whom antiquity of usage is regarded as paramount to every other sanction, and who are always averse to change, even when it is likely to redound to their advantage.

121. Judging, however, from the materials of which we are already in possession, it seems by no means impossible to ingraft upon the existing institutions a system somewhat analogous to that which has been established in the greater part of our other territories; and the hints thrown out, rather incidentally indeed, in the 21st paragraph of the letter we are now answering, show that the expediency of granting lands to the patels upon zemindary tenures, by which, instead of dividing the produce, they shall pay to Government a fixed and invariable rental, has entered into your contemplation.

122. You at the same time express a doubt whether the patels would be generally willing to become parties to a permanent arrangement of this sort: this, we conceive, will depend altogether upon the terms which may be proposed to them. No man would think it worth while to become a proprietor of land upon terms which would place him in a worse condition than when he was only a cultivator. A patel, with his naturally strong aversion

to change, will, it is presumed, if the matter be left entirely to his own option, require to have opened to him a prospect of greater benefit than would be necessary to decide the choice of a person of more versatile character. The terms, therefore, held out must be such as will present a considerable temptation to their acceptance; the moment that property becomes saleable, that temptation exists. If there were a warm competition among the bidders, it might be inferred that the temptation was too strong; and if there was no demand for it, even at the lowest price, in a market where there can be no glut, seeing that nothing of the kind ever appeared there before, it might be concluded that it is not worth having. The last conclusion, it may perhaps be alleged, would only be just, in circumstances where every man acts under an enlightened sense of his own interests, which can never be the case, where obstinate and perverse prejudices are prevalent. It should, however, be recollected, that the empire of prejudice, when it is opposed both by reason and immediate interest, is seldom so universally despotic that some minds will not be found vigorous and bold enough to burst its fetters when a fair opportunity occurs; and after a spirit of revolt manifests itself, the influence of example will gradually achieve the overthrow of its power.

123. There is also a wide distinction between indolent and active prejudices. The former there is seldom any danger in slighting, because they are not irritable in their nature; nay, all that is wanting often to their dispersion, is the spirit to encounter them. The latter indeed ought uniformly to be treated with forbearance, and frequently with respect: but the prejudices to which we now allude, can hardly be ranked among this class.

124. From these observations, it follows that the establishment of a zemindary system is not likely to meet with any insuperable obstacles, provided its effect be to improve the condition of the patel: its tendency to this object, must depend upon the terms of the settlement; and these terms may be considered sufficiently advantageous, if they render the land conveyed to him saleable, which will never be the case till, besides paying the expenses of cultivation, it yields a certain profit to the landlord.

125. It will therefore be matter for your enquiry and consideration, whether land in the Ceded Provinces would be saleable, paying the present rental, estimated at the value of half the produce, or if any and what abatement would be necessary to render land transferrable with a premium to the vender. At the same time that you communicate to us the result of your investigations and reflections upon this question, you will also state what other suggestions may occur to you respecting the formation of a permanent proprietary settlement that may be liable to the fewest present or future inconveniences, and which, while it provides for the comfort, prosperity, and security of all classes of the people committed to our charge, may not considerably, if at all, impair the actual income of the State, or preclude Government from afterwards deriving an increased revenue from an eventual augmentation of resources.

126. Before any steps can be taken towards the execution of an arrangement of this sort, it will be necessary that the projected survey of Broach shall be completed; and should the experiments, when made, be successful in this province, it may afterwards be tried in the other districts. It will be proper also that you shall previously acquire much more accurate information than you now possess, respecting the manner in which the patels collect the rents and revenue from the ryots, and the exact relations in which these two classes stand to each other.

127. It can hardly be necessary to remind you, that it is neither our wish nor intention, in the formation of a system for the future administration of any part of our territories, to favour one class of our subjects at the expense of another, much less to give rights to the more opulent which they may exercise to the oppression of the lower orders. It must always be the policy, as well as the duty of an enlightened Government, in some measure to compensate, by the equality of its protection, for the unequal distributions of fortune.

128. Of your intention, after a survey of the Broach district has been made, to grant written or printed deeds to the patels, particularly describing the portions of land which they occupy, with the view of guarding their possessions against those encroachments and usurpations which they have experienced in time past, we highly approve; but we are not disposed to think that enough shall have been done till we have furnished them with new motives to industry, as well as with additional securities for what they already possess. Let the process of improvement be conducted with judgment, caution, and after mature deliberation, and the impediments by which it is at first retarded will gradually become less embarrassing.

129. Much has been effected since the cession of Broach to the Company, in the way of purging the ancient Mogul system from the abuses which had crept into it under the Marhatta administration; the great, the intolerable evil of which was, not the excess of its imposts, but the mode of levying them.

130. The Manotee system, by which the Government, in consideration of advanced payments on the credit of the revenue, delivered over the persons and properties of its subjects to a band of merciless usurers, by whom they were tortured, plundered, and oppressed, it was one of the first steps of your administration to suppress.

131. The Sookree Chandla, that discreditable resource, consisting in a sale of licenses by Government to one class of its subjects, to make arbitrary exactions from another, was properly abolished, as a scandal to the British name.

132. Instead

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132. Instead of tannadars and jemadars stationed throughout the country under the pretence of maintaining the police, but really for the purpose of extortion, a Court of Adawlut has been instituted, for the trial of offences according to the rules of law.

133. The Dungur Tojee, or assessments upon the first crops, proportioned to the wants of the treasury but not to the funds of the cultivator, and by the excess of which the patels were driven to the most ruinous modes of raising money, has given place to a system under which the demands of Government exactly correspond with the means of the contributors.

134. The claims of the Dessoys and Moozundars have been put into a train of adjustment, the result of which, we trust, will be the relief of the laborious part of the community from a number of arbitrary fees and exactions by which they were vexed and impoverished; and an economical reform has been introduced into several branches of the village establishments, equally beneficial to Government and the ryot.

135. In fine, Tuccavy, or the money advanced by Government to the farmer, to facilitate agricultural improvements, is lent at common interest, instead as before at the most exorbitant rate of usury.

136. The facility with which these changes, so creditable to your administration, have been effected, show the practicability of further amelioration, while at the same time their importance to a certain degree diminishes its urgency; we would not therefore have you, on the one hand, to imagine that you had reached the utmost limits of improvement, nor, on the other hand, to run the risk of failure by venturing too far, or proceeding without due precaution.

137. We entirely agree with you in opinion, that the suggestions for increasing the revenues of Broach, brought forward by Dessoo Patel, are altogether unavailable for the purposes for which they were intended, if indeed they had any other object than that of recommending himself to the Government by an apparent assiduity to promote its interests, and thus to retrieve the disgrace he had incurred by his former conduct.

138. Upon the whole, we have had much satisfaction in tracing the progress of your administration in the Pergunnah of Broach. It seems by far the most valuable of the districts ceded to the Company in the Guzerat; and its augmented and growing prosperity is the best proof which could be adduced of the wisdom which has presided over its management, and of the zeal and ability of those who have carried into effect the plans devised by the Government.

Letter from, dated 20 February 1808,
(32 to 37) relative to the Revenues of
Surat and the territories dependent on
the Zillah of Kaira.

139. We have great pleasure also in remarking, that the improvements have not been confined to Broach, but that they have been extended to our territories situated both to the southward and northward of that dependency.

140. Owing to the bad health of Mr. Morrison, the collector of Surat, we are not in possession of such minute information respecting his collectorship, as concerning the two others; but from the last Report made in his stead by Mr. Crow, the judge and magistrate, there is reason to believe that agriculture is making rapid progress in the countries situated in the Attawery. Of this indeed there is positive proof, in the very great increase of the revenue, conjoined with the growing prosperity of the people, territories having produced 2,11,830 rupees more than the sum for which they were ceded by the Peishwa and Guicawar, and 1,03,600 rupees more than they yielded in the first year of your management.

141. Though the increase of revenue in the division of Kaira, since it was placed under Mr. Diggle's care, does not amount to more than rupees 36,164, the actual state of that part of the country, compared with what it was when it devolved to the Company, does not furnish less matter for congratulation than the improvements which have taken place in our other possessions in the Guzerat; and we embrace this opportunity of acknowledging, with warm approbation, the judgment and zeal manifested by the collector in the discharge of the very difficult duties of his office. Though the quantity of waste land within the bounds of that collectorship be inconsiderable, the ferocious manners of the inhabitants seemed to oppose a far more impenetrable barrier to civilization than the most desolate appearances which the surface of the earth can present. We are happy therefore to find that the people in that quarter already begin to show a sensibility to the comforts resulting from order and obedience to the laws; that the number of the hardened and refractory is diminishing apace, that justice is gaining an ascendant over violence, that the calls of Government are, with few exceptions, willingly answered; and that, by persevering in a line of conduct marked by an union of lenity and firmness, we need not despair of circumscribing within narrow limits, if not of wholly suppressing, the dominion of anarchy and barbarism.

142. The investigation which you caused to be instituted into the local duties paid by the inhabitants of the town of Surat, has led to the beneficial result of relieving them from a variety of impolitic and vexatious imposts, without any material sacrifice of revenue. It will be always agreeable to us to hear of, and encourage, similar inquiries.

No. 9.

Copy of a LETTER from the Court of Directors, in the Political Department, to the Governor in Council of *Fort St. George*, dated the 29th September 1809.

OUR GOVERNOR IN COUNCIL AT FORT ST. GEORGE.

Paragraph 1.

WE have received your several Dispatches in the Secret Department, of the 24th October and 29th December 1808, the 27th January and 28th February 1809, describing the rise, progress and issue of certain discussions between you and the State of Travancore. These discussions, which related to arrears due to the Company under the treaty of 1805, and brought the provisions of that treaty generally under review, have terminated no less unhappily than surprisingly, in the employment of the force and resources of the Travancore territory, by the Rajah's minister, in deliberate hostile aggression and open offensive war against the troops and the power of the British Government.

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Letter from
Court of Directors,
29 Sept. 1809; on
Political State of
the Travancore
Territory.

2. Being by inclination, by interest and by duty, decidedly fixed in favour of a pacific system of Indian policy, we cannot see any renewal of war, or an interruption of the relations of peace and amity with any of the Indian states, even when such interruption becomes unavoidable in self-defence, without keen regret; and hostility with an ancient ally, whose interest and ours seemed to recommend a lasting union, must be still more painful to us.

3. We entered therefore with anxiety into an investigation of the causes which could have induced the Government of such a State as Travancore, whose power and resources were so utterly disproportioned to those of the Company, and whose territory was accessible to us on every side, to take up arms against our Government. And this has led us to a review, which we shall here introduce, of the different stages of our connection with that State.

4. Mutual interest first formed, and afterwards cemented, the connection between the two Governments. In the articles of pacification agreed on between our Government and Hyder Ally in 1769, the Rajah of Travancore was included as an ally of the Company. The same care was taken of his interests in the treaty of peace, made between the Company and Tippoo Sultann in 1784; to these treaties the Travancore State owed its security for a series of years, from the very unequal power and inordinate ambition of those rulers of the Mysore country; and when at length Tippoo, disregarding the articles of the treaty made with him in 1784, attacked the territory of Travancore, in the year 1790, the Company entered into a war with that Prince in defence of their ally, whose safety was again secured by the peace made with Tippoo in 1792.

5. The treaty concluded between us and the Rajah of Travancore, in the year 1795, which stipulated that a British force should always be ready for his defence, against any war of aggression made upon him, had particular respect to the danger to which he still stood exposed from the more powerful neighbouring state of Mysore, which rendered the protection of the Company essential to him, and to that protection he owed the continuance of his independence.

6. Things remained in this state during the life time of the old Rajah, who was himself, as there was reason to believe, a prudent man, attached to the British connection, and was served by a Dewan of uncommon ability and worth. The Rajah died in the year 1798, and his death appears to have been followed by various circumstances unfavourable to the maintenance of the cordial friendship that had long subsisted between his State and the Company's Government. Most of these circumstances are stated in the early correspondence of the resident, Colonel Macaulay, with the Supreme Government; and as he had, from his situation, the best opportunities of knowing the internal state of Travancore; as his communications, professing to describe facts and events of the times at which he wrote, appear to have received entire credit from that Government, and to have been corroborated by subsequent occurrences, we see no reason for withholding our confidence from those communications.

7. The old Rajah was succeeded by his nephew, a young man whose character seems ever since to have been marked by imbecility, caprice, and other qualities which shew him to be wholly unequal to the task of government. The old and faithful Dewan of his uncle was

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supplanted by low and vicious persons, who soon gained an ascendancy over the Rajah, and influenced the conduct of affairs. In 1799, an insurrection broke out in the districts. In 1800, a cabal, headed by a person named Sumpreddy, seized the reigns of government. Gross abuses prevailed in many of the public departments; the revenues were decreasing, whilst the bulk of the people were in the lowest state of depression; and another insurrection took place on account of oppression in some branches of the collections. The time of the Rajah is described to have been chiefly engrossed by his pleasures, and by superstitious ceremonies among the Brahmins, who, with their dependants, were reckoned to be equal in number to the working class. The late Dewan, so much respected by the people, was not suffered to live even in retirement. There is very strong reason to believe, that he was taken off by poison, and the British Resident thought it his duty publicly to accuse Sumpreddy of this foul murder; but after a short arrest, and an appearance of inquiry, in which more solicitude was shown to avoid than to effect discovery, he was restored to his liberty and influence at the Durbar. This man is stated to have charged the late Dewan with ruining the interests of Travancore by connection with Europeans, particularly the English; and from all the details contained in the ample correspondence carried on by the British Resident at that time, it is strongly to be inferred, that neither the Rajah nor those employed in the transaction of his affairs, regarded British connection with the ancient cordiality.

8. This change, it is probable, did not arise solely from the change of men, and the very different characters of those who succeeded to the administration of the Travancore Government. The fall of Tippoo in 1799, placed that State in circumstances entirely new. The formidable danger to which it had been long exposed, from a more powerful neighbour, headed by a restless chief, was now removed; Mysore came under the controul of the Company, who had been the best friend of Travancore, and from whom, as it probably feared no injustice, so it might seem no longer to need active support or protection. Such a material alteration in the external relations of the Travancore State, may reasonably be supposed to have influenced its policy in respect to the British Government, whose friendship would not hence appear an object of so much solicitude as it was before. In point of fact, the British Resident, Colonel Macaulay, who was appointed to that Durbar in 1800, soon thought that he perceived in it a coolness or diminution of regard towards the British connection.

9. The Governor General had instructed the Resident, on receiving his appointment, to prevail if possible, on the Rajah to agree to a new modification of the treaty with the Company:—of this modification, the principal conditions to be proposed were, that no Europeans should be permitted to reside in the territory of Travancore, without the consent of the British Government; that in lieu of the military aid which the Rajah was bound by the former treaty to furnish to the Company, when engaged in war, he should defray the expence of an additional battalion of Company's troops; that he should confide the defence of his territory to the Company, and receive their advice in the more important concerns of the civil administration.

10. With respect to this measure, the change in the relative circumstances of the two States might naturally suggest some alteration in the existing treaty. It is justly observed by the Governor General, in his instructions to the Resident, that the accessibility of Travancore, by a long line of sea coast, renders it a country through which the British possessions may become vulnerable to an European enemy; to which it may be added, that the strong military positions which the territory of Travancore affords, increases the importance of that consideration. The British Government therefore, after having saved Travancore from being overwhelmed by the Mahomedan State of Mysore, though in this acting also with a fair view to British interests, had a right to expect, not only that it would be willing to prevent, to the utmost of its power, the enemies of Britain from availing themselves of its ports and strong holds, but would permit the British Government to employ for that purpose the necessary force which Travancore could not itself furnish. Whether all the conditions proposed for a new treaty were requisite to the attainment of this object, may be considered hereafter; but it appears certain, that in the first negotiations of the Resident with the Rajah and his Ministers, and for several years afterwards, until the occurrence of new events, they shewed a settled aversion to accede to any terms more favourable to our Government than were contained in the old treaty.

11. In 1801, the Rajah, after repeated representations from the Resident of the disordered state of the country, and the necessity of rescuing the management of affairs from those whom he had permitted to possess themselves of it, appointed a new Dewan, named Vallay Tomby. This person had been at the head of the insurrection of 1799; but being reputed a man of ability and firmness, the Resident, in the great want of persons of that description, approved of his appointment, and had reason to expect that he would be friendly to the connection with the British Government. His subsequent conduct however did not justify this expectation. The Resident, after some absence from his station, on returning to it in December 1801, found that all the relations of the old and respectable Dewan, who himself had suffered a violent death, had also been murdered; and that Sumpreddy, the former favourite, had been disgraced and imprisoned by means of the new Dewan, Vallay Tomby.

12. After the peace of Amiens became known in India, towards the end of 1802, the Resident found increased difficulty in negotiating with the Travancore Durbar for the exclusion

exclusion of Europeans from his territory. The Rajah had virtually given a qualified assent to a proposition of this nature in 1800, but never could be persuaded to reduce it to writing; and the return of peace seems to have led him to desire and expect some intercourses with the French and Dutch. Under this apprehension, the Resident, between the month of August 1802, and March 1803, repeatedly represented to the Supreme Government the necessity of measures to check the symptoms of disaffection in the minds of the Rajah's evil counsellors, and to prevent French influence, stating that he had reason to apprehend the Rajah was disposed to the French, and that a political negotiation had been opened with him by a French agent who landed there. If attempts of this nature were made, the renewal of the war with France, by removing the subjects of that country from Travancore, probably put an end to them; and it led, in February 1804, to an agreement on the part of the Rajah, advised no doubt by his Dewan, to place a respectable force at the disposal of the British Government.

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13. But so precarious was the possession of power in that State, that almost immediately after a strong conspiracy was formed against the Dewan, Vallay Tomby, in which the Rajah himself was supposed to be engaged. The Dewan was excluded from all confidence, his enemies openly triumphed, a near day was fixed on for his death, without any trial, and he fled to the British Resident, by whose firmness and remonstrances the Rajah was at length diverted from his purpose, the conspirators were thrown into prison, and the Dewan obtained not only his life, but the restoration of his power. The leading person in this conspiracy was a Gosseyn, one of an eminent religious order, and stated by the Resident to be in the French interest. The Resident's letter, written at this time, and in the two preceding years, describe in strong terms the degraded state, in point of character, both of the Government and of the principal people.

14. Before the end of that year, 1804, a formidable revolt took place among the Nair battalions in the service of the Rajah. Their original cause of dissatisfaction appears to have been a reduction in their allowances: these the Rajah restored, and a short calm succeeded, but the revolt burst forth again with increased violence; the ringleaders liberated the conspirators in the former plot, increased their numbers to 10,000 men, and, as was asserted by the Rajah himself, at length extended their views to the subversion of the British power and influence in Travancore, and the assassination both of the Dewan and the British Resident. Intelligence also was received by the Resident, before this dangerous revolt was entirely suppressed, of a projected expedition from the French islands against one of the ports of Travancore. It was only by the judicious active conduct of the Resident, and the resolution of the British officer commanding the Carnatic brigade in the service of the Rajah, joined to the firmness of the Dewan, who had again fled to the Resident for protection, that this rebellion was put down. The treaty of 1795 did not specifically stipulate the aid of the British power in suppressing internal commotions in Travancore; but this was agreeable to the spirit of it, and became highly expedient on such an occasion, and the march of three of our battalions to the confines of Travancore, confirmed the tranquillity which had been restored there.

15. The Rajah, who had shewn great alarm in this crisis, was highly gratified by the mission of British troops for his support, and then professed an entire devotion to British interests, and the Dewan pledged himself to adhere, to his latest breath, to that system of measures which should receive and merit the approbation of the Governor General. Thus, what had before been steadily resisted, both publicly and privately, for five years, namely, a new treaty of subsidiary and defensive alliance, they both at length consented to, and concluded in January 1805. It may be observed, that during the two preceding years in which this measure had been fruitlessly pursued by the Resident, the British Government had been engaged in an arduous war with the Marhattas, and that it was brought to a very successful close, about the time when the domestic convulsion in Travancore appeared to turn the scale in favour of a more intimate British connection.

16. The articles in which this treaty varied from the one of 1795, were chiefly these: the Rajah, who by the treaty of 1795 stood engaged to furnish the Company, when involved in war, with such part of his military force as he could spare, with safety to his own country, was, by the treaty of 1805, relieved from that obligation, and, in lieu of it, he stipulated to pay annually, in addition to the subsidiary payment under the former treaty, a sum equivalent to the expence of one regiment of native infantry, estimated to amount to rupees 4,01,655; and the disposal of the whole subsidiary force, either within the country of Travancore or the limits of the Company's dominions, was left to the option of the British Government. The Rajah also became bound, by the new treaty, to pay a due proportion of the expence of any troops, additional to the subsidiary force, which it might eventually be necessary to employ for the protection of his dominions. It was expressly provided, that whenever the Governor General in Council should have reason to apprehend a failure in the funds destined to defray either the expences of the permanent military force in time of peace, or the extraordinary expences in time of war, he should have full power to introduce regulations for the management and collection of the revenues, or to assume, on behalf of the Company, the direct management of a part of the territorial possessions of the Rajah, as he might deem most expedient. And whereas the treaty of 1795 had respect chiefly to the internal defence of Travancore, the Rajah promised, by the new treaty, to pay at all times the utmost attention to such advice as the British Government should occasionally judge it necessary to offer him, in respect to all the objects connected with the

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advancement of the internal interest of his Highness, the happiness of his people, and the mutual welfare of both States.

17. The ratification of the new treaty by the Supreme Government arrived at the Rajah's capital in July 1805, and he and his whole Court gave public demonstration of joy on that occasion. The first account of it reached England in November 1805, but the papers connected with the negotiation did not arrive till January 1806, and owing to the circumstances of that time, the treaty was not then taken into particular consideration. The correspondence of the Resident, Colonel Macanlay, does not touch upon this treaty after the month of July 1805, until the month of October 1806, when he, having been put under the immediate orders of the Fort St. George Government, on the requisition of that Government, stated, that no part of the additional subsidiary had been paid, and that the Governor General in Council had authorized the remission of one half of that subsidy for two years from the commencement of the treaty.

18. By a letter from the Supreme Government to us, of the 1st May 1807, and a subsequent one from Fort St. George, of the 21st October 1807, the following statements were brought before us:—1st. That the remission of one half the new subsidy, for two years, which was no part of the treaty, was granted at the earnest request of the Rajah, in order to render it as little burthensome as possible to him; and to enable him gradually to effect such military reductions, reforms and improvements as were stated to be necessary to supply the resources for the whole of the additional subsidy:—2dly. That as late as the month of September 1806, the unremitted half of that subsidy had neither been claimed nor paid:—3dly. That the Rajah earnestly desired to retain in his service the corps known by the name of the Carnatic Brigade, which had proved on various occasions essentially useful to him, and to obtain the permanent remission of one half of the additional subsidy, to enable him to bear the charges of that brigade:—4thly. That this application on the part of the Rajah, was deemed to be altogether unreasonable, since the discharge of the Carnatic Brigade, was, to form one of those reductions of expense by means of which funds were to be provided for the additional subsidy, and that the reduction of a large proportion of the Rajah's military establishment was one of the objects of the treaty, independently even of the provision of resources for the additional subsidy; whereas the Rajah had applied the remitted portion of the subsidy to the maintenance of the brigade, and pleaded its continuance in his service in support of his application for the permanent remission of that portion of the subsidy, for which the discharge of the brigade was intended in part to provide, thus, endeavouring to derive advantage from the abuse of a solicited indulgence, of even urging that abuse as an argument for the obtainment of additional concessions:—5thly. That the Supreme Government had determined to require provision to be made for the immediate, or at least gradual, discharge of the unremitted half of the additional subsidy, and the gradual discharge of the whole amount from 12th January 1807:—6thly. That although the discharge of the Carnatic Brigade was a measure obviously conformable to the spirit and intent of the treaty, by which the Company is charged with the whole military defence of the State of Travancore, yet on account of the merit and attachment of the Carnatic Brigade, the Supreme Government would not insist on its discharge of its continuance in the Rajah's service were consistent with the provision of funds for the payment of the Subsidy:—7thly. That it was computed by the Resident, the resources of the Travancore State would not be less than twelve lacks of rupees per annum, after defraying all charges of a civil and military nature, with exception only of the Carnatic Brigade, and after paying the full amount of the new subsidy:—And lastly, that the determination of the Supreme Government having been communicated to the Rajah of Travancore, no further objection was made on the part of his Government, and the arrear of subsidy which had become due, was in train of liquidation by instalments.

19. It was upon this view of things, that the answer contained in our political dispatch to you of the 7th September 1808, was founded. We did not then go into a consideration of the original formation of the treaty of 1805, not being aware of various circumstances in the history of that transaction, which have been since found in our Indian records, but were not indicated in the dispatches from that quarter. We went merely on the principle of requiring the observance of a treaty, supposed to have been fairly and voluntarily made, which after allowing for the deductions stipulated in it of the Rajah's military force, and the relinquishment of all claim on him for military aid to the Company, imposed no heavy addition to the general expence of his Government, and a treaty which the Rajah appeared to be very able to fulfil. Our dispatch however could not reach you before the adoption of hostile measures, both on the part of the Dewan of Travancore and of our Government.

20. From the month of October 1807, when the arrears of subsidy were stated by you to be in a train of liquidation, until the month of October 1808, no progress appears to have been made in that affair, although the Resident states, in July 1808, that for eight months preceding, scarce ten days had passed without his reminding the Dewan of the arrears, which then amounted to rupees 6,62,669: repeated letters in the course of that time, to the Resident and your Government, from the Rajah and his Dewan, which all seem to have been the work of the latter, complained in strong terms of the oppression of the new treaty, and the inability of the Rajah to pay the additional subsidy; the whole was said, by the Dewan, to have been extorted contrary to humanity and the law of nations; and the whole is laid to the personal account of the Resident, according to an usage common among the Indians, who in remonstrating against acts of Government, represent them as the acts of its

its agents only, although in this case, the Governor General had himself written to the Rajah when the new treaty was first proposed; that what the Resident did, he did by his authority, and the Governments, both of Bengal and Fort St. George, had in their direct communications with the Rajah and his minister, left them no pretence for affecting to consider the new treaty and the enforcement of its stipulations, as the personal acts of the Resident. In this period, they for the first time, explicitly demanded the relinquishment of the whole of the new subsidy, whereas before they seemed to have confined their application to an abatement of only two lacks.

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21. With respect to the ability of the Travancore revenue to afford the whole of the subsidy, the Dewan appears to have acknowledged in March 1808, that he could not answer the statement of the Resident on that head, and you have expressed our conviction that the plea of inability was unfounded. We are particularly pleased, however, that our Governments, both of Bengal and Fort Saint George, have distinctly declared to the Government of Travancore, that if it could give any satisfactory evidence of inability, due consideration would certainly be paid to that circumstance; and it was doubtless more an evidence of unwillingness than of inability, that no retrenchments were made in the military establishment of Travancore, the reduction of which, with the substitution of Company's troops, was according to the evident understanding of the parties, one of the proposed ends of the treaty.

22. Of such indisposition to fulfil those stipulations, independent of any question of ability, there is sufficient proof even at that period; and it appears to be chiefly, if not solely, imputable to the Dewan, of whose "unhappy bias" the Resident speaks in his letter of the 10th March; and in your letter to Bengal, of the 5th of August 1808, you suspect that Minister to entertain the design of disturbing the relations between the two States; in the same month, the Resident stated in a private letter to Mr. Secretary Buchan, that the Dewan was of late greatly changed in temper, having become ferocious, and that the Rajah was "a mere cypher, trembling at the very name of the Dewan." The Resident also states in a letter of the 16th September, to Mr. Buchan, that the Rajah had several times conveyed to him his satisfaction in the subsidiary engagements, and his perfect reliance on the honour and liberality of the British Government. The letter, however, which you very properly caused to be written to the Dewan, on the 30th July 1808, appears to have produced the happiest effects upon him; he expressed to the Resident the deepest contrition for his past defaults, and on the 22d September he commenced paying the arrears, and with the hopes which this change encouraged, your letter of the 24th October 1808, closed.

23. But those hopes were of short duration. By the month of November, the payment of arrears amounted only to rupees 60,000, and the balance due was eight lacks; instead of a further liquidation of debt, that month produces only a succession of informations from the Resident, evincing with increasing clearness, the certainty of what that officer at first calls "something like a systematic plan of contumacious resistance on the part of the Dewan," which he says rendered it necessary to apprise the Rajah, that with a view to the proper regulation of the affairs of Travancore, another person should be chosen for the office of Dewan, in the room of Vallay Tomby. This is the man who first comes into notice as the leader of an insurrection in 1799; who, with the assistance of British influence, was advanced to be Prime Minister in 1801; whose early administration is clouded with suspicion, arising from the atrocious murder of the family of the deceased respectable Dewan; who, in 1805, vowed unalterable attachment to British interests, and only two months before professed sincere contrition for his failures in this respect. He now begins to appear as the sole ruler of the Travancore State; the Rajah, though his disposition was deemed to be favourable to the British Government, is stated to have been incapable of following the course of his own wishes; he henceforth ceases to be seen in public transactions, and the Dewan exercises in his own person all the powers of government. We hear of a "faction formed under his protection, of an augmentation of Travancore sepoys, the manufacture of bows and arrows, his training the inhabitants to arms, his success in exciting a ferment, his sending to the Isle of France for 500 artillerymen, and expectation of assistance from thence, his rooted purpose of determined hostility, his being capable of instigating his partizans to an attack, and the expediency of placing him as the prime mover and instigator of hostility under arrest." Early in December you were told by the Resident, that the Dewan still continued, with unremitting activity, his plans of hostile preparations, and that in conjunction with the Rajah of Cochin's Minister, a person who appears to have been a suitable confederate to him, and made a conspicuous figure in the subsequent transactions, he was endeavouring to force that Prince into measures of hostility against the British Government, urging him to unite with other chieftains friendly to Travancore, for the expulsion of the English, requiring him with that view to train particular classes of his subjects in the same manner as had been ordered in Travancore. You were at the same time informed by the officer commanding in Malabar, that a report prevailed there of an intended attack on the British Subsidiary Force, and that an army of 22,000 Travancorians was assembled at no great distance from it.

24. You therefore, with proper precaution, directed detachments of troops to proceed from Trichinopoly and Canara, to be prepared to penetrate the Travancore country on both sides, if the course of events should require measures of that nature; and you informed the Resident at the same time, that the Rajah was to be protected in his person, and in the exercise of all his rights, but that it was necessary such a system of internal administration should be established, as should ensure the exact fulfilment of the existing

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treaty, and guard against the recurrence of those evils which had menaced the public interests in that quarter.

25. After these measures were taken, the Dewan earnestly requested, through a native then at Alleppe, in the service of Colonel Macaulay, to enter into a negotiation with that officer. The Dewan proposed to retire from his situation, and to live at Callicut, under the protection of the Company; the terms, which seem to have been moderate on his part, were settled apparently to his entire satisfaction. He on the 27th of December, transmitted to Colonel Macaulay, through the same native agent, a sealed letter to the Rajah, the contents of which he did not show, but he gave a translation of it, which is on your records, and contains the resignation of his office. The agent, a man of character, has reported, that the Dewan on that occasion, said with great sensibility—"Tell the Colonel, I now see and acknowledge all my errors and faults; I now know that I was wrong and misled; Colonel Macaulay has twice saved my life, at the risk of his own; by to-morrow I shall owe my life to him a third time; all the country know that to him I am indebted for the rank and authority I have held; I quit my office cheerfully, confiding in him; it is the only reparation I can now offer to him and the Rajah." Colonel Macaulay states, that at the Dewan's earnest request, he had weakened his own party of sepoys, and had sent his palankeens and boats to provide for the Dewan's security and convenience, in coming to him at Cochin, whither he was to proceed on his way to Calicut. The Dewan's letter, written on the 27th of December, he dated the 28th, observing to the agent—"The Colonel will receive it to-morrow, and as to-morrow will be a lucky day for all parties, let it be dated to-morrow." On the night of the 28th, a body of 1000 nairs, commanded by a particular friend of the Dewan's, attacked the house of Colonel Macaulay at Cochin, with the intention of murdering him; several of his sepoys were killed, and his own escape was most providential and surprising. On the 30th of December, the Dewan in person, with an army reported to have been 30,000 strong, attacked the British Subsidiary Force at Quilon. The whole of this proceeding is marked by a character of signal perfidy and atrocity, which may throw light on other parts of this man's conduct. It renders credible the report of his designing, in 1806, to have Colonel Macaulay poisoned, and was a prelude to the murder in cold blood, which he afterwards ordered, of Dr. Hume and thirty-three soldiers of His Majesty's 12th regiment, and to the cruelty he exercised towards the native adherents of the British cause who fell into his hands.

26. Before you were apprized of these open acts of hostility, you had, on the 25th of December, countermanded the orders for marching troops from the Carnatic and Malabar to the frontiers of Travancore, and all military movements and measures against that State. You also recalled Colonel Macaulay, and appointed another Gentleman to the charge of the Residency. You have nowhere distinctly stated the reasons for this change, which you notified to the Supreme Government on the 27th December, observing only in general terms, that subsequent accounts had led you to entertain great doubts regarding the apprehensions which had been excited. This is also the tenor of your letters to us of the 29th December and 27th January; and in your reply of 15th February 1809, to the letter from Bengal, of the 23d January, in which that Government acquiesced with evident reluctance, and only in reliance upon your judgment. In your suspension of military proceedings, and the recal of Colonel Macaulay, you merely state yourselves to have received information, of a private nature, from different quarters, which certainly impressed you with a belief that the rumours respecting the preparations in Travancore had been exaggerated." You added, that it was well known the Resident had been long at variance with the Dewan; and that the latter did not cease to make, through different channels, the strongest professions of his earnest desire and endeavour to preserve undisturbed the subsisting relations between the two countries. How far his conduct in respect to the payment of the subsidy, and after his earnest declarations upon the receipt of Sir George Barlow's letter, in the month of September preceding, accorded with these professions, you had yourselves the means of judging; and Colonel Macaulay's private letters to Mr. Secretary Buchan contained no intimation of a change of councils in the Dewan; on the contrary, his letter to Colonel Chalmers of the 9th December, transmitted to Mr. Buchan, states in the strongest terms the continuance of his hostile preparations. On the 20th, indeed, he mentions, that the Dewan had shifted his ground, and that his object was to lull suspicion asleep; but this letter could not well have reached Madras in time to produce the change of measures adopted on the 25th. The real ground of this alteration in your system must have been a doubt of the accuracy of Colonel Macaulay's intelligence, and, as appears from Mr. Petrie's minute, of the propriety of his conduct; which doubts arose from private information derived from other quarters; but that private information has neither been communicated to us, nor to the Supreme Government.

27. With respect to the minute of Mr. Petrie, it delivers merely an opinion, without the facts or reasons on which it may have been formed; and it implies the opinion not to have been first adopted at the time the minute was written; yet we find in no preceding part of your transactions relative to Travancore, any intimation of such an opinion. Upon the whole of this topic we shall only observe, that it is in general impossible to form a judgment here of the wisdom and justice of the measures pursued in India, unless the facts and reasons upon which they are grounded are distinctly stated.

28. We should however, suppose, that the private intelligence above alluded to was of so decisive a nature, as not only to have raised doubts of the accuracy of Colonel Macaulay's numerous

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numerous informations, but to have prevented you from drawing the natural, and indeed the necessary inference, from the perfidious attempt already described of the Dewan upon his life; which attempt, with all the train of atrocious and convincing circumstances attending it, was known to you on the 4th of January, when you, notwithstanding, renewed your orders for the suspension of military measures. In the remarks made upon this decision in the letter of the Supreme Government, of the 23d January, we certainly concur, as well as in the general principles laid down in that very able letter. It was written upon the supposition that your reasons for doubting, both the propriety of the Resident's conduct, and the accuracy of his intelligence, were convincing. Uninformed as we still are of the particulars upon which your doubts were founded, we can pronounce no judgment. Your proceeding however, is a full proof of your unwillingness to enter upon hostilities. Yet whilst we do justice to your laudable motives for being thus reluctant, and for making every attempt to conciliate; and whilst we repeat our own decided aversion to war, and our sorrow for the occurrence of those circumstances in which you were then placed, it still seems to us that after so flagrant an attack upon the public representative of the British Government, to suspend even the march of troops towards Travancore, was not the best mode of seeking conciliation, nor a mode suited to the just respect due to our own Government; and we cannot therefore but reckon it fortunate, that the zeal and activity of Colonel Macaulay, in very trying circumstances, and the gallantry of Colonel Chalmers, and the troops under him, prevented part of the evil consequences which might have resulted from this delay.

29. The attack upon the Subsidiary Force at Quilon, on the 30th of December, left you no option but to resume the system of vigorous measures. It is not our intention, at present, to go largely into this part of the dispatches now before us, nor into the military operations which unhappily became unavoidable. But, as from our general confidence in the wisdom and decision of your Government, it is an unpleasant part of our duty to state our doubts upon any part of your conduct, we think it just to express our decided approbation of the energy and activity you displayed on this occasion. We approve of your letter to the Rajah of Travancore, and of your proclamation to his people, preliminary to the entrance of our troops into his country: but with respect to the instructions which you transmitted on the 19th of January to Colonel Macaulay, for the regulation of the affairs of Travancore after tranquillity should be re-established, it appears to us that it was, at that moment, rather premature to determine exactly upon the future measures that should be adopted with respect to the Rajah, and that your instructions have an air of rigour which it might have been desirable to avoid; but on the general subject of our future relations with that Prince, we shall have occasion to make some observations in the sequel.

30. The conduct of the military operations, so far as they have yet been reported to us, demands our unqualified praise. The steady bravery and repeated victories of Colonel Chalmers and his troops, and his temperate yet firm behaviour towards the Dewan, were of great importance. The storming and capture of the lines of Travancore was an achievement of distinguished gallantry, which reflects great credit on the commanding officer, Lieut. Col. St. Leger, and the officers and men under him, in particular on Major Welsh, who led the storming party in a manner that does singular honour to his intrepidity and perseverance. The civil servants also, whose local situations gave them any part in these transactions, appear to have acquitted themselves with zeal and ability; particularly Mr. Warden, collector of Malabar, who communicated important informations; Mr. Gillio, magistrate in Malabar; and Mr. Hepburn, collector of Tinnevely.

31. The prompt zeal manifested by his Excellency the Governor of Ceylon, in dispatching early and material aid to our officers employed in Travancore, demands our acknowledgments; and we desire that you will take an early opportunity of making known to him the sense we entertain of his public spirited conduct on this occasion.

32. We are also sensible of the very useful aid derived to our service from the zealous co-operation of Captains Byng and Foote, the Commanders of His Majesty's ships the *Belliqueux* and *Piedmontese*.

33. Nor can we omit to notice on this occasion, the becoming conduct of the late Rajah of Cochin, who evinced the utmost reluctance to enter into combination against the Company, and whose life, it is strongly to be feared, was, in consequence of this reluctance, traitorously sacrificed to the views of the hostile party. We think the family and interests of that Prince entitled to our marked consideration, on account of his conduct and his sufferings, and we hope they will have received a due attention from you.

34. With respect to Colonel Macaulay, we find, that soon after his arrival in Travancore, the Rajah complained of him as harsh in his conduct, and as seeking to impose a new treaty upon him. It appears to us, that Colonel Macaulay, in his early intercourses with that Government, assumed a tone of authority, higher, perhaps, than in the former reign had been either usual or equally requisite: by his own account, his public accusation of one of the Rajah's disreputable favourites, of murder, drew upon him the resentment of the Durbar of that time; and his refusal of money, of which he says he had large offers, made him be counted an enemy. The Governor General, Lord Wellesley, however, in answer to all the complaints made to him, declared that he was perfectly satisfied with Colonel Macaulay, and that what he had done, he had done by his order. Lord Clive, to whom similar complaints were made, appeared to have been also satisfied; the new treaty brought on the carpet by him, seems, throughout, to have been the chief article of grievance. The other

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charges advanced against him at that time, which were rather vague and of little importance, and apparently urged with the view of effecting his recal, (as Mr. Powney had, on his complaint, been recalled before, merely because he was disagreeable to him), seem to have been satisfactorily answered; but the treaty was nevertheless represented to successive Governors, both before it was made and afterwards, as the work of Colonel Macaulay, though as already noticed, Lord Wellesley's Letter to the Rajah had distinctly declared that measure to be his own. With the Dewan Vallay Tomby, to whom Colonel Macaulay had rendered such essential services, he seems to have had no quarrel till he began to require the payment of the new subsidy in 1806, and in respect to requisitions on that account, he seems to have been abundantly patient. The tone which he adopted in his memorandum to the Rajah of 10th March 1808, was a proper one, and his calling upon the Dewan for proof that the payment of the increased subsidy pressed inconveniently upon the finances of Travancore, as well as his repetition of the statement of their resources, which he had with great propriety explained upon a former occasion to the Dewan, has our approbation; but we cannot give the same approbation to his ultimate determination, not to transmit the Rajah's letter of 16th February 1808, because that determination naturally led to the irregular communication which ensued; and we must also disapprove his having omitted, when he withheld the letter, to communicate the correspondence which had taken place between the Dewan and himself upon the subject of it to his Government, until the month of July 1808, when he first mentioned it in consequence of the dispatch from the Chief Secretary in the preceding month, returning the subsequent letters from the Rajah and the Dewan, to the Governor. These circumstances, we conceive, ought to have been noticed in your correspondence with the Resident, though it is indeed true, that as the declaration of the inability of Travancore to discharge the full demands had been considered by the Governments of Bengal and Madras as futile, and all requests for a further remission had been directly negatived, the Resident may have been naturally led to think, that a mere repetition of these assertions and demands, unsupported by any fresh proofs or allegations, was unnecessary to be transmitted; and our Government at Madras may upon the same grounds have thought it expedient to put an end to all hopes of relaxation, by considering the subject as closed. The most important letter of complaint received by your Government from the Dewan, appears to be that of the 10th July 1808, which reached you in the interval between the receipt of Colonel Macaulay's explanation of his conduct, as complained of in the Dewan's former communications, and the transmission of your letter of reproof to the Dewan, dated the 30th of the same month. In this letter of the 10th July, the Dewan alleges that the conduct of the Resident and of his nephew Doctor Macaulay, was personally disrespectful and offensive to the Rajah and himself, and he complains pointedly of the delegation by the Resident, of his authority to the latter gentleman, inclosing a copy of a note to himself from Colonel Macaulay, dated the 26th June 1808, in which that delegation is referred to in a manner which seems to show that it had been matter of previous complaint. Of this letter, no other notice appears to have been taken by you, than the mention made of it in your letter of reproof to the Dewan, in the enumeration of the communications from him which are there acknowledged. We are surprised, that you should have thought it unnecessary to require any explanation from the Resident upon the subject of this letter. We should have supposed that a representation of this nature would have led you to call for copies of all the correspondence which had taken place between Colonel Macaulay and the Court of Travancore for some time past, and for as full an account of his verbal communications, and those of Dr. Macaulay with the Dewan, as could be furnished; and we should have expected this the more upon such an occasion, because it is evident from the silence of the records, that the Resident was not in the habit of making a regular communication to you of the particulars of what passed on the constant and pressing applications and remonstrances which had been made by him to the Travancore Government, in respect to the payment of the subsidy. Upon the whole of this subject, it appears to us, that Colonel Macaulay may have been wanting in a conciliatory temper, and that his residence at a distance from the seat of the Travancore Government, with his consequent transaction of the public business by a delegate, was inexpedient. We think also, that he committed an unfortunate error in making the new subsidy higher than the first instructions to him from the Governor General proposed, and upon this point we shall say something more hereafter; but on the other hand, it is fair to allow, that as from the complaints that were reiterated against him, chiefly on the ground of the treaty, and the resistance he experienced to the payment of the new subsidy, it became difficult for him to conciliate that Court, so, although it is a matter of concern, that any plea of this nature should have been afforded for complaints, yet from the character of the Dewan, it cannot be supposed that the personal demeanor of Colonel Macaulay could be the cause of the extensive and deeply criminal views into which he entered; and as far as we can judge from the information before us, Colonel Macaulay appears to have conducted himself with great integrity, and with distinguished ability and firmness in a difficult situation, and in a variety of trying conjunctures.

35. Before we quit this subject, we take occasion to observe, that it is of importance the mode of intercourse between our Government and Courts which stand in a relation to them, similar to that of Travancore, should be distinctly understood. This intercourse should, undoubtedly, be carried on in the regular form, between the Resident and the Prince, or his Minister; but as cases may arise in which the country Powers may have, or think they have, reason to complain of the conduct of a Resident, and means ought to be afforded them of transmitting such complaints through a regular channel, nothing more can be expected of

of them, than that they should do, what appears in the case immediately before us, to have been proposed, namely; to transmit them openly through the hands of the Resident, thereby giving him an opportunity of clearing himself from any unfounded charges which may be brought against him. The establishment of a different principle, would preclude all regular channels of complaint, and leave no hopes of redress but in resistance.

36. Having now reviewed the state of our relations with the Government of Travancore, from an early period to the present time, and through a long course of friendly alliance, to a state of comparative alienation, and at length of open warfare, we proceed to make some observations on the causes which may have led to this last unhappy predicament in which we are now involved, and on the principles by which our future conduct towards that Government ought to be regulated.

37. We have already noticed the great change produced in the external relations of the Travancore State, by the downfall of Tippoo Sultan, and of his power in 1799. From that time, as the protection of the Company has ceased to be essential, which before it was, to the independence of Travancore, so it is certain that our friendship has been regarded by that State with less solicitude; but it might have been expected, that it would maintain its ancient relations, both in gratitude for past services, and because it could not swerve from them without incurring our just resentment; we had a right also, to expect in return, for securing that State from destruction, by enemies external and internal, the most complete security which it could afford us against European force or intrigue; and on the other hand, it was still of so much importance to us, in reference especially to European enemies, to maintain the influence we had obtained over the political conduct of Travancore, that it became our interest to make its connection with us as easy to that State as should consist with a due controul over its foreign relations. To secure the continuance of that controul, was in the new situation in which the two States were placed after our conquest of Mysore, an object of legitimate policy to our Government; but to increase to Travancore the expense of its connection with us to so large an extent, seems to have been inexpedient. According to these positions, it was fairly allowable to our Government to propose in 1800, a new modification of the treaty of 1795, and some increase of the Subsidiary Force; but beyond the amount which upon a just estimate the Rajah should be found likely to save annually, by being absolved from the stipulation to furnish the Company with military aid whenever they should, in a state of war, demand it, it appears to us, that no pecuniary concession should have been required of him, unless he had shewn a perfect willingness to have made up whatever that estimate should have fallen short of the charge of a third subsidiary battalion of our troops; for it became the interest of the Company, in the new state of things, to devote a third battalion to the care of that country, even if no allowance had been made to them for it. The Governor General in his instructions of February 1800, to the Resident, required him to propose that another battalion should be subsidized; but the Resident, as we have already observed, unhappily proposed a regiment; this no doubt increased the disinclination of the Travancore Government to a new treaty, which it resisted for five years, and only acceded to at last, in the moment when it was preserved chiefly by British support, from being overwhelmed by domestic insurrection and revolt. The augmentation of the money subsidy seems, both from what passed at the time and what has since transpired, to have been the objection most felt by the Travancore Government to that treaty. It is indeed, true, that the Resident was correct in believing the Rajah could afford to pay the additional subsidy; the vast military preparations of which Travancore has since been found capable, is a clear proof of this. It is also true, that since the inability of the country has been pleaded, our Government has constantly professed a readiness to pay regard to that plea, if any evidence could be adduced in support of it; and that no such evidence has been offered, is another proof of the ability of the country; it must further be admitted, that nothing could be more improbable or less likely to be apprehended, than any hostility between one Government and the State of Travancore, and that in the situation of the Company's finances in the year 1805, to desire an additional subsidy for an additional force, from a Prince who was able to afford it, who then owed a large balance of obligation to the Company, and was utterly unlikely to break his connection with them, might seem fairly allowable; but after all these admissions, it is in our opinion to be regretted, that any new subsidy beyond the fair commutation already mentioned, should have been demanded; that the grounds of discontent on the part of the Travancore Government, either in respect to the treaty or the conduct of the Resident, as also the reported hostile preparations of that Government, were not in due time closely scrutinized; and it is a source of great concern to us, that either the treaty or the manner of enforcing it should have been in any measure a real or an assignable cause for the misunderstandings that ensued, and which at length unhappily ended in enormities, on the part of the Dewan, that nothing in the treaty or the adherence of our Government to it could possibly justify.

37. When the treaty of 1805 reached us in the end of that year, we were not aware that it had not been entered into with the good will of the Travancore State, having then been quite uninformed of the resistance that had been made to such a treaty during four years preceding; nor were the records which contained the details of the Resident's correspondence during that period brought under our notice, till your late advices called our attention to the subject.

38. That the Rajah of Travancore himself, or any other individual in his situation, would have broken his connection with the Company on such a ground as this, we see no reason

No. 9.

Letter from
Court of Directors,
29 Sept. 1809; on
Political State of
the Travancore
Territory.

to believe; and that he should have been of so weak a character, and should have retained a man so unprincipled and malevolent as Vallay Tomby, in an office which enabled him to exercise despotic power, are circumstances to be lamented; but that Minister does not seem at first to have entertained any idea of refusing the payment of the subsidy; and by what process of mind, by what combined views of daring ambition and enmity to our Government, passions by which he seems to have been powerfully influenced, his ferocious spirit was led into formidable military preparations and hostile negotiations, and thence to the desperate game he at length ventured upon for independent authority, it must be impracticable to ascertain; but the treaty of 1805 ought not to be considered as responsible for all the consequences flowing from his subsequent illegal assumption of powers, which belonged only to his Sovereign, and from the daring wickedness with which he used those powers. In fact, he appears to have been influenced by events, as they successively arose to his view, and to imagine that he was steadily actuated from the beginning only, or chiefly by the motive of resistance to the additional subsidy, would be to form a conclusion which the nature of his character by no means warrants. It was only after the return to India of Lord Cornwallis, who was supposed to favour a system of external policy different from that of the preceding Governor General, that the Dewan first thought of complaining of the treaty; the changes which afterwards took place, both in the Governments of Bengal and Madras, encouraged him, according to the Indian manner, to renew his complaint; and we are sorry to observe, from his English letters, and circumstances mentioned by Colonel Macaulay, that European or Portuguese intriguers may have contributed to mislead him; but the rumours which were circulated in the country about the time of the Vellore mutiny, the commotions of that time, and above all, the reports of a French invasion, and a new war between the Company and the Mahratta States, seem to have made a strong impression on his mind, and to have disposed him to entertain schemes of aggrandizement and resistance; and as the most effectual means of success, to look to an alliance with the French, with whom, if he could have established a connection, it would be inconsonant to his character to suppose, that he would not have supplied the benefit of it to the establishment of his own power, rather than to the service of his master. The daring lengths to which he is capable of going in his schemes, and in the means of accomplishing them, have been exemplified in some of the transactions already noticed, and receive a further illustration from his plan to assassinate all the European officers of the Subsidiary Force, previous to the attack upon that corps on the 30th of December; and from his attempt to instigate by the most atrocious unfounded calumnies, the Zemorin and other chieftains of that part of India, to rise in arms for the subversion of the British power; a man of such flagitious dispositions never could have been safely trusted, nor can it be at all concluded, that without any plea like that of the new subsidy, his bad passions would not have led him to the greatest extremities. The power which he at length exercised in the Travancore State, rendered his master a cypher, and was inconsistent with the rights of that Prince, and the engagements subsisting between him and the Company. The personal character and conduct of the Dewan were therefore to be clearly separated from any question arising out of treaties between the two States; and we doubt not that in the settlement, which there is reason to hope has long since taken place of the affairs of Travancore, you will have seen the necessity, in justice both to the Rajah and the Company, of depriving the author of all the late disturbances, of the power of doing any mischief in future.

39. With the Rajah himself, who does not seem to have taken personally any active part in the hostile proceedings of his Dewan, and may rather have been intimidated by him into acquiescence, we still wish that a lenient policy may have been pursued. To a pertinacious refusal to fulfil the obligation of a solemn treaty deliberately formed, and a refusal for which no satisfactory or valid reason was assigned, our Government could not, in justice to itself yield; and when this refusal was followed by active hostility against us, it became necessary to have recourse to the law of arms; but when our military power shall have prevailed, as we trust it will, in so unequal and unprovoked a contest, it is our wish that the temperate and indulgent consideration, into which we should from the first have been most ready to enter, of the subsidy stipulated by the treaty of 1805, may still have had place. The luminous and judicious view given in the letter addressed to you by the Supreme Government on the 23d of January, already noticed, of the principles which should regulate the conduct of the Company towards the State of Travancore, both in the critical circumstances then existing, and for the maintenance of permanent relations between us and that State, exhibits in general the sentiments we entertain upon this subject, particularly the latter branch of it, which respects the future connection of the two States. But we are not prepared to admit, with the Governor General in Council, that if it could be proved the revenues of Travancore were, after defraying all expences, adequate to the payment of the additional subsidy, that circumstance would alone be sufficient reason for insisting on the continuance of the standard of 1805. We are, however, fully of opinion, that complete reparation ought to be made by the Travancore State, for the insults offered to our Government by the hostile attacks made upon the house and person of the British Representative, and upon the Subsidiary Force at Quilon, and for the expence of the detachments of troops, which those measures obliged the Company, in self-defence, to march into Travancore. We are of opinion too, that no concession should be made which would appear to the Travancore Government, or to the rest of India, to be the effect of compulsion or intimidation; but that after the honour of our Government has been sufficiently vindicated and secured, our object should be, by manly and liberal policy, to conciliate the lasting attachment of the Travancore State; and that if the amount at which the subsidy

was fixed by the treaty of 1805 should be found to interfere with this object, it ought on that account alone to be reduced.

40. On the whole, although we must ever lament the necessity which has impelled our Government to have recourse to arms against the aggressions of the Travancore State, we would hope, that the events which have lately passed there, and our conduct towards it, will lead to a permanent settlement of our connection with that country, and tend to preserve the general tranquillity of India.

We are,

Your loving friends,

(Signed)

London, 29th Sept. 1809.

CHAS. GRANT.

WM. ASTELL.

T. METCALF.

JNO. INGLIS.

JNO. JACKSON.

G. A. ROBINSON.

R. C. PLOWDEN.

J. HUDLESTON.

ROBT. WILLIAMS.

GEORGE SMITH.

GEO. MILLETT.

W. WIGRAM.

JAS. PATTISON.

No 9.

Letter from
Court of Directors,
29 Sep. 1809; on
Political State of
the Travancore
Territory.

No. 10.

Copy of the TREATY with the Rajah of Travancore, dated the 28th January 1793.

(Copy.)

ARTICLES of Agreement made and entered into by the Honourable Major General Robert Abercromby, President and Governor of Bombay, for and on behalf of the Honourable United English East India Company, and their Successors, on the one part; and Gueswa Pilla, Dewan to his Highness the Rajah of Travancore, for and on behalf of his said Highness, and his Successors, on the other part; this 28th day of January of the English year 1793, viz.

No. 10.

Treaty (28 January
1793) with the
Rajah of Tra-
vancore.

That this agreement shall not affect or interfere with any agreements subsisting between the said Honourable Company and the said Rajah; and the said Rajah shall deliver to the said Company, between the 10th February 1794 and 10th April following, three thousand candies (of 560 pounds weight) of clean pepper, at the rate of one hundred and fifteen Bombay rupees for each candy, exclusive of two rupees customs for each; and shall further deliver a similar quantity (three thousand candies) annually, at the same price and at similar periods, for nine successive years, that is, three thousand every year, until the 10th of April 1804 (English computation.)

That of the pepper above stipulated to be delivered annually, two thousand five hundred candies shall be delivered at Quilon, and the remaining five hundred candies at the said Company's warehouse at Anjengo, into the hands of such officers as the Company may appoint for the purpose of receiving it.

That the said Rajah shall receive, in part payment for the said annual contract for pepper, the undermentioned articles, at the usual prices for which he has been debited in former contracts; two thousand stand of arms complete, one hundred candies of lead, three hundred yards of scarlet broad-cloth superfine, one thousand five hundred yards of ditto fine, twenty-seven thousand five hundred yards of red purpet, two thousand yards of blue purpet, five hundred yards of yellow purpet, five hundred yards of green purpet.

That the balance due for the said annual provision of pepper shall be discharged in Bombay rupees; which balance, together with the warlike stores stipulated to be taken in part payment, shall be made good between the 10th February and the 10th April of each respective year that this agreement shall be in force, in like manner as the Rajah engages to deliver the pepper within those periods.

That should the Rajah fail to deliver the quantity of pepper contracted for by this agreement, within the periods specified, he shall forfeit to the said Company fifty-seven rupees and an half penalty, for each candy of pepper so deficient. In like manner, should the Company fail on their part, to make good to the Rajah the amount specified in the agreement, within the terms prescribed, they shall forfeit a penalty of double the sum so deficient.

In witness of the foregoing agreement, Major General Abercromby and Gueswa Pilla have subscribed to two copies thereof, which have been mutually exchanged, and have affixed their seals, this 28th day of January 1793.

(Signed) Robert Abercromby.

No. 11.

Copy of a PARAGRAPH, 226, of a Revenue LETTER, from the Governor in Council at Fort St. George, to the Court of Directors of the East India Company, dated 21st October 1807.

EXTRACT REVENUE LETTER from FORT ST. GEORGE,
dated 21st October 1807.

Para. 226.

No. 11.

On the Revenue
of Malabar.

THE following Extract of the Report of the Board of Revenue, conveys a most satisfactory description of the beneficial changes which have occurred in the affairs of that province:—

“WHEN we consider the destruction of troops, enormous expenditure of the public money, and miserable state of confusion, which until very lately rendered this province a source of constant regret and anxiety, we cannot help congratulating Your Honour in Council, on the very happy change which the public measures have effected. We think but few instances have been exhibited of a speedier and happier transition from civil war, poverty, and enormous expenditure of the public money, to perfect tranquillity, increasing opulence, and comparative economy.”

[No. 12.—Copy of a Letter from John Bebb, Esq. (a Director of the East India Company), to the Court of Directors, dated 31 May 1813; respecting the 13th Proposition, submitted to the House of Commons, on the renewal of the Company's Charter;—*having been already printed, is not here inserted.*]

No. 13.

Copy of the 2d and 3d PARAGRAPHS of the Military LETTER, from the Governor in Council at *Fort St. George*, to the Court of Directors of the *East India Company*, dated the 1st of July 1812, relative to the late Occurrences at *Quilon* in *Travancore*.

EXTRACT MILITARY LETTER from FORT ST. GEORGE,
dated 1st July 1812.

Para. 2.

WE avail ourselves of the opportunity afforded to us by the departure of His Majesty's ship *Doris* for Europe, to transmit to you the enclosed Copies of further Communications from the Resident in Travancore, received since the date of that letter, respecting the late occurrences at Quilon. We have also the honour to enclose Copies of Letters dispatched by our order to the Resident, and to His Excellency the Commander in Chief.

No. 13.

Occurrences at
Quilon in Travancore.

3. We are happy to inform your Honourable Court, that a careful consideration of the Resident's dispatches has confirmed us in our belief, originally grounded on the proceedings of the Military Committee of Enquiry, laid before us by the Commanding Officer of the Subsidiary Force, that the conspiracy at Quilon will ultimately appear, as far as regards the troops, to have been confined to a few bad characters in one battalion of the army, and that the inhabitants of Travancore were entirely unconcerned in it. We have however, deemed it proper to direct, that four companies of His Majesty's Royal Regiment shall be detached from Trichinopoly to Travancore, as a temporary arrangement, until it shall be determined from what garrison the European force intended to be stationed in that country can be permanently spared. The native troops in Travancore have also been ordered to be relieved.

P A P E R S
RELATING TO
EAST INDIA AFFAIRS:

VIZ.

Growth of Hemp, and Cotton.—General Revenues of India; and Mr. *Richards's* Finance System in part of Salsette.—Permanent Settlement in the Ceded and Conquered Provinces.—Mr. *Richards's* Proposition for establishing a General Bank.—Revenue of Broach and Surat.—Jumma or Rental in Guzerat.—Political State of the Travancore Territory; and Treaty with the Rajah of Travancore.—Revenue of Malabar.—Occurrences at Quilon in Travancore.

Ordered, by The House of Commons, to be printed,
22 June 1813.

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[London] [1813]

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